

# **ALKALOIDA Chemical Company Zrt.**

## **ANNUAL REPORT**

**Financial Year**

**01 April 2019 – 31 March 2020**

**Tiszavasvári April 2020**

# Versatile-Audit Kft.

4400 Nyíregyháza, Munkás u. 53.  
Adószám: 13874357-2-15 Cég. sz.: 15-09-071194  
Számlaszám: 54900062-10010763-00000000  
e-mail: versatileaudit@gmail.com

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of *ALKALOIDA Chemical Company Zrt*

### Opinion

We have audited the accompanying annual financial statements of *ALKALOIDA Chemical Company Zrt* (hereinafter referred to as "the Company") which comprise the balance sheet as at 31 Marcius 2020 in which the balance sheet total is USD 701 221 063, the equity USD 693 164 071, the netto revenues USD 37 447 754, the profit after tax per balance sheet is USD 4 888 615, the related income statement for the year then ended, and supplementary notes, comprising significant accounting policies and other explanatory information. In our opinion, the accompanying annual financial statements give a true and fair view of the financial position of the Company as of 31 Marcius 2020, and of its financial performance for the year then ended in accordance with the provisions of Act C of 2000 on Accounting in force in Hungary (hereinafter referred to as "Act on Accounting").

### Basis for Opinion

We conducted our our audit in accordance with Hungarian National Standards on Auditing and with applicable laws and regulations in force in Hungary. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our report. We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, as well as with respect to issues not covered by these Rules, with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the IESBA Code) and we also comply with further ethical requirements set out in these. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information: the Business Report

The other information comprises the business report of the Company for the year 2019. Management is responsible for the preparation of the business report in accordance with the provisions of the Act on Accounting and other relevant regulations, if any. Our opinion on the annual financial statements expressed in the "Opinion" section of our independent auditor's report does not cover the business report. In connection with our audit of the annual financial statements, our responsibility is to read the business report and, in doing so, consider whether the business report is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work performed we conclude that the other information is materially misstated we are required to report this fact and the nature of such misstatement. Based on the Act on Accounting, we are also responsible for assessing whether the business report has been prepared in accordance with the provisions of the Act on Accounting and other applicable legal requirements, and to express an opinion on this and on whether the business report is consistent with the annual financial statements. Our opinion, the 2019 business report of the Company is consistent, in all material respects, with the 2019 annual financial statements of the Company and the business report has been prepared in accordance with the applicable provisions of the Act on Accounting. As there are no other legal requirements that are applicable to the business report of the Company, therefore, we do not express an opinion in this respect.

### Responsibilities of Management and Those Charged with Governance for the Annual Financial Statements

Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with the Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error. In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern; and management is responsible for preparing the annual

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financial statements on a going concern basis. Management shall apply the going concern basis of accounting unless the use of going concern principle is precluded by any provision of other applicable laws or regulations, or if any fact or circumstance prevails, which precludes the Company to continue as a going concern.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hungarian National 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 annual financial statements.

As part of an audit in accordance with Hungarian National Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis in the preparation of the annual financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies, if any, in internal control that we identify during our audit.

Nyíregyháza, 15<sup>th</sup> April 2020.

.....  
János Varga  
Registered Auditor  
Licence No. 002059

12 Kando K. street, 4400 Nyíregyháza

.....  
Sándorné Piroska  
Versatile-Audit Kft.  
Licence No. 002430

53 Munkas street, 4400 Nyíregyháza

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Statistical code

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Company registration number

ALKALOIDA Chemical Company Zrt.

01.

"A" BALANCE Assets

USD

No.	Item	Previous year 31/03/2019	Previous year(s) modifications	Reference year 31/03/2020
a	b	c	d	e
002	<b>A FIXED ASSETS</b> (03.+11.+19.)	<b>628,111,587</b>	0	<b>646,566,588</b>
003	I. INTANGIBLE ASSETS (04. ... 10.)	77,899	0	52,302
004	1 Capitalised value of foundation and restructuring costs			
005	2 Capitalised value of research and development	0		0
006	3 Concessions and similar rights and assets k			
007	4 Intellectual property	77,899	0	52,302
008	5 Goodwill			
009	6 Advance payments on intangible assets			
010	7 Revaluation of intangible assets			
011	II. TANGIBLE ASSETS (12. ... 18.)	42,514,532	0	40,867,749
012	1 Land and buildings and related concessions and similar rights	34,283,337		32,938,250
013	2 Technical equipment, machinery and vehicles	3,732,259		3,892,143
014	3 Other equipment, fittings and vehicles	3,166,710		3,589,495
015	4 Breeding stock	0		0
016	5 Capital WIP, renovations	659,367		446,662
017	6 Advance payments on Capital WIP	672,859		1,199
018	7 Revaluation of tangible assets			
019	III. FINANCIAL INVESTMENTS (20. ... 29.)	585,519,156	0	605,646,537
020	1 Long term investments in related companies	254,781,967		256,283,441
021	2 Long term loans given to related companies	330,737,189		349,363,096
022	3 Long term investments in non-related companies			
023	4 Long term loans given to non-related companies			
024	5 Other long term investments			
025	6 Long term loans given to other investees			
026	7 Other long term loans given			
027	8 Securities representing long term loans			
028	9 Revaluation of financial investments			
029	10 Valuation difference of Financial investments			
030	<b>B CURRENT ASSETS</b> (31.+38.+47.+54.)	<b>60,506,767</b>	0	<b>39,936,126</b>
031	I. INVENTORIES (32. ... 37.)	32,573,071	0	24,396,152
032	1 Raw materials and consumables	14,100,457		10,776,019
033	2 Work in progress and semi-finished products	9,589,963		6,947,689
034	3 Animals	0		
035	4 Finished goods	8,805,470		6,642,931
036	5 Goods	0		
037	6 Advance payments on inventories	77,181		29,513
038	II. RECEIVABLES (39. ... 46.)	22,851,406	0	13,104,406
039	1 Trade accounts receivable	2,311,956		1,959,839
040	2 Receivables from related companies	17,923,155		9,866,918
041	3 Receivables from non-related companies	0		
042	4 Receivables from other investees	0		
043	5 Bills of exchange receivables	0		
044	6 Other receivables	2,616,295		1,277,649
045	7 Valuation difference of Receivables	0		0
046	8 Positive valuation difference of derivatives	0		0
047	III. MARKETABLE SECURITIES (48. ... 53.)	0	0	0
048	1 Investments in related companies	0		0
049	2 Investment in non-related companies in a significant degree	0		0
050	3 Other investments	0		0
051	4 Own shares, own quotas	0		0
052	5 Securities representing loans held for sale	0		0
053	6 Valuation difference of securities	0		0
054	IV. LIQUID ASSETS (55.+56.)	5,082,290	0	2,435,568
055	1 Cash in hand, cheques	2,633		2,114
056	2 Bank deposits	5,079,657		2,433,454
057	<b>C PREPAID EXPENSES AND ACCRUED INCOME</b> (58. ... 60.)	<b>9,781,414</b>	0	<b>14,718,349</b>
058	1 Accrued income	9,666,505		14,513,731
059	2 Prepaid expenses	114,909		204,618
060	3 Deferred expenses	0		0
061	<b>TOTAL ASSETS</b> (02.+30.+57.)	<b>698,399,768</b>	0	<b>701,221,063</b>

Date: TISZAVASVARI, APRIL 15, 2020

head of the company  
(representative)

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Statistical code

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Company registration number

ALKALOIDA Chemical Company Zrt.

62.

"A" BALANCE Liabilities

USD

No	Item	Previous year 31/03/2019	Previous year(s) modifications	Reference year 31/03/2020
a	b	c	d	e
063	<b>D SHAREHOLDERS' EQUITY</b> (64.+66. ... 70.+ 73.)	<b>688,275,460</b>	0	<b>693,164,071</b>
064	I. ISSUED CAPITAL	89,260,220		89,260,220
065	Of line 64: ownership shares repurchased at face value	0		0
066	II. ISSUED BUT NOT PAID CAPITAL (-)	0		0
067	III. CAPITAL RESERVES	296,794,237		296,794,237
068	IV. RETAINED EARNINGS FROM PREVIOUS YEAR	-9,481,067		302,220,999
069	V. NON DISTRIBUTABLE RESERVES	0		
070	VI. REVALUATION RESERVE	0		
071	1. Revaluation reserve for value adjustment			
072	2. Revaluation reserve for value assessment			
073	VII. PROFIT AFTER TAX	311,702,070		4,888,615
074	<b>E PROVISIONS</b> (75. ... 77.)	<b>47,650</b>	0	<b>1,014,665</b>
075	1 Provisions for expected liabilities	47,650		1,014,665
076	2 Provisions for future expenses			
077	3 Other provisions			
078	<b>F LIABILITIES</b> (79.+84.+94.)	<b>7,702,715</b>	0	<b>4,948,075</b>
079	I. SUBORDINATED LIABILITIES (80. ... 83.)	0	0	0
080	1 Subordinated liabilities to related companies			
081	2 Subordinated liabilities to companies with investment at relevant degree			
082	3 Subordinated liabilities to other investees			
083	4 Subordinated liabilities to other enterprises			
084	II. LONG TERM LIABILITIES (85. ... 93.)	0	0	0
085	1 Long term credits			
086	2 Convertible bonds			
087	3 Debt on the issue of bonds			
088	4 Investment and development loans			
089	5 Other long term loans			
090	6 Long term liabilities to related companies	0		0
091	7 Long term liabilities to non related but invested companies			
092	8 Long term liabilities to other investees	0		0
093	9 Other long term liabilities	0		0
094	III. SHORT TERM LIABILITIES (95. ... 106.)	7,702,715	0	4,948,075
095	1 Short term credits			
096	Of line 95: convertible bonds			
097	2 Short term loans	1,510		0
098	3 Advance payments received from customers	27,519		231,721
099	4 Trade accounts payable	1,610,381		1,971,021
100	5 Bills of exchange payable	0		
101	6 Short term liabilities to related companies	6,046,925		2,304,970
102	7 Short term liabilities to non related but invested companies			
103	8 Short term liabilities to other investees	0		0
104	9 Other short term liabilities	16,380		440,363
105	10 Valuation difference of liabilities			
106	11 Negative valuation difference of financial derivatives			
107	<b>G ACCRUED EXPENSES AND DEFERRED INCOME</b> (108. ... 110.)	<b>2,373,943</b>	0	<b>2,094,252</b>
108	1 Deferred revenues			
109	2 Accrued expenses and deferred income	1,915,688		1,656,084
110	3 Deferred income	458,255		438,168
111	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> (63.+74.+78.+107.)	<b>698,399,768</b>	0	<b>701,221,063</b>

Date: TISZAVASVARI, APRIL 15, 2020

head of the company  
(representative)

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Company registration number

ALKALOIDA Chemical Company Zrt.

"B" STATEMENT OF INCOME

(with turnover cost method)

USD

No	Item	Previous year 31/03/2019	Previous year(s) modifications	Reference year 31/03/2020
a	b	c	d	e
001	01. Net domestic sales	1,566,662		643,131
002	02. Net export revenues	37,910,939		36,804,623
003	I. NET SALES REVENUES (01+02)	39,477,601	0	37,447,754
004	03. Direct cost of sales	36,353,978		35,645,279
005	04. Cost of goods sold	2,318,453		1,495,051
006	05. Value of services provided	34,960		943
007	II. DIRECT COST OF SALES (03+04+05)	38,707,391	0	37,141,273
008	III. GROSS SALES INCOME (I.-II.)	770,210	0	306,481
009	06. Cost of sales	1,110,199		1,148,706
010	07. Administration cost	4,463,063		3,125,722
011	08. Other overheads	233,608		153,774
012	IV. INDIRECT COST OF SALES (06+07+08)	5,806,870	0	4,428,202
013	V. OTHER INCOME	1,292,965		1,105,980
014	- thereof: loss of value written back	391,916		239,302
015	VI. OTHER EXPENDITURES	18,671,237		5,876,265
016	- thereof: loss of value	352,203		4,172,509
017	A. TRADING PROFIT (+III-IV+V-VI)	-22,414,932	0	-8,892,006
018	09. Dividend received	348,577,507		0
019	- Of which: received from related companies	348,577,507		0
020	10. Gain on sale of investment			
021	- Of which: received from related companies			
022	11. Interest received and gain on financial investments			
023	- Of which: received from related companies			
024	12. Other interest received	10,315,407		14,666,762
025	- Of which: received from related companies	9,845,466		14,563,668
026	13. Other revenues from financial transactions	360,522		300,142
027	- Of which: Valuation difference			
028	VII. REVENUES FROM FINANCIAL TRANSACTIONS (09+10+11+12+13)	359,253,436	0	14,966,904
029	14. Financial and foreign exchange loss of investments	240,181		0
030	- Of which: related companies	240,181		0
031	15. Financial and foreign exchange loss of long term financial assets (securities, loans)	6,978,284		0
032	- Of which: paid to related companies	6,978,284		0
033	16. Interest paid	15,716,075		289
034	- Of which: given to related companies	15,714,929		0
035	17. Losses on shares, securities and bank deposits	0		0
036	18. Other expenditures of financial transactions	2,200,634		774,507
037	- of which: valuation difference			
038	VIII. EXPENDITURES OF FINANCIAL TRANSACTIONS (14+15+16+17+18)	25,135,174	0	774,796
039	B. FINANCIAL PROFIT (VII.-VIII.)	334,118,262	0	14,192,108
040	C. NET PROFIT BEFORE TAXATION (+A+B)	311,703,330	0	5,300,102
041	IX. TAX LIABILITY	1,260		411,487
042	D. NET PROFIT PER BALANCE SHEET (±C-IX)	311,702,070	0	4,888,615

Date: TISZAVASVARI, APRIL 15, 2020

head of the company  
(representative)

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Statistical code

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Company registration number

ALKALOIDA Chemical Company Zrt.

"A" STATEMENT OF INCOME

(with total cost method)

USD

No.	Item	Previous year 31/03/2019	Previous year(s) modifications	Reference year 31/03/2020
a	b	c	d	e
01.	01. Net domestic sales revenues	1,566,662		643,131
02.	02. Net export sales revenues	37,910,939		36,804,623
03.	I. NET SALES REVENUES (01+02)	39,477,601	0	37,447,754
04.	03. Change in self-manufactured inventories	-263,231		-4,804,814
05.	04. Capitalised value of self-manufactured assets	0		3,193,155
06.	II. CAPITALISED VALUE OF OWN PERFORMANCE (03+04)	-263,231	0	-1,611,659
07.	III. OTHER INCOME	1,292,965		1,105,980
08.	Of which: loss of value written back	391,916		239,302
09.	05. Cost of raw materials	21,311,722		19,218,409
10.	06. Value of services used	7,733,866		6,106,729
11.	07. Value of other services	316,997		199,189
12.	08. Cost of goods sold	2,318,452		1,495,051
13.	09. Value of recharged services	34,960		943
14.	IV. MATERIAL-TYPE EXPENDITURES (05+06+07+08+09)	31,715,997	0	27,020,321
15.	10 Wages costs	6,508,556		7,047,833
16.	11. Other payments to personnel	1,097,221		1,057,257
17.	12. Personnel related contributions	1,396,755		1,391,561
18.	V. PAYMENTS TO PERSONNEL (10+11+12)	9,002,532	0	9,496,651
19.	VI. DEPRECIATION CHARGE	3,532,501		3,440,844
20.	VII. OTHER EXPENSES	18,671,237		5,876,265
21.	Of which: impairment loss provision	352,203		4,172,509
22.	A. TRADING PROFIT ((I+II+III-IV-V-VI-VII))	-22,414,932	0	-8,892,006
23.	13. Dividend received	348,577,507		0
24.	- Of which: received from related companies	348,577,507		0
25.	14. Gain on sale of investment			
26.	- Of which: received from related companies			
27.	15. Financial and foreign exchange gain of long term financial assets (securities, loans)			
28.	- Of which: received from related companies			
29.	16. Other interest received	10,315,407		14,666,762
30.	- Of which: received from related companies	9,845,466		14,563,668
31.	17. Other revenues from financial transactions	360,522		300,142
32.	- Of which: valuation difference			
33.	VIII. REVENUES FROM FINANCIAL TRANSACTIONS (13+14+15+16+17)	359,253,436	0	14,966,904
34.	18. Financial and foreign exchange loss of investments	240,181		0
35.	- Of which: related companies	240,181		0
36.	19. Financial and foreign exchange loss of long term financial assets (securities, loans)	6,978,284		0
37.	- Of which: paid to related companies	6,978,284		0
38.	20. Interest paid	15,716,075		289
39.	- Of which: given to related companies	15,714,929		0
40.	21. Losses on shares, securities and bank deposits	0		0
41.	22. Other expenditures of financial transactions	2,200,634		774,507
43.	IX. EXPENDITURES OF FINANCIAL TRANSACTIONS (19+20+21+22)	25,135,174	0	774,796
44.	B. FINANCIAL PROFIT (VII.-IX.)	334,118,262	0	14,192,108
45.	C. NET PROFIT BEFORE TAXATION (+A+B)	311,703,330	0	5,300,102
46.	X. TAX LIABILITY	1,260		411,487.00
47.	D. NET PROFIT PER BALANCE SHEET (IX.-X.)	311,702,070	0	4,888,615

Date: TISZAVASVARI, APRIL 15, 2020

head of the company  
(representative)

## **1 PRESENTATION OF THE COMPANY**

Our company limited was established by János Kabay in the North-Eastern part of Hungary, in Tiszavasvári, in 1927, as Alkaloida Chemical Factory.

ALKALOIDA Chemical Company Zrt. (hereinafter referred to as “Company”) is the member of the SUN Pharmaceutical Industries Ltd. international corporation based in India.

**The abbreviated name of the Company:** Alkaloida Chemical Company Zrt

**Headquarters, site:** Tiszavasvári, Kabay János street 29.

**Tax number:** 10715846-2-15

**Company registration number:** 15-10-040330

**Company owner (ownership:99.99%)**

**Sun Pharma Holdings**

MU-Sesroches & St Louis Streets

Port Louis

Registration number: C114331

Registry office: Republic of Mauritius

Company is involved in consolidation by the SUN PHARMA, prepares its consolidated financial statement.

**The person who is entitled for representation of the company and signing the report.**

Name: Mihály Kaszás General Manager

Address: 4032 Debrecen, Pápai József street 12.

**The company is obliged to audit according to the accounting law.**

**Data of the auditing company**

Company name: Versatile Audit Auditing Company Ltd.

Company registration number: 15-09-071194

**Data of the responsible auditor**

Name: János Varga

Address: 4440 Nyíregyháza, Kandó Kálmán str. 12

Chamber membership no.: 002059

**Person who is responsible for managing the accounting services.**

Name: Timea Levenda Baloghné

Address: 4440, Tiszavasvári, Árpád str. 53

Registration number: 176726



# ALKALOIDA Chemical Company Limited by Shares

SUPPLEMENTARY ANNEX 01/04/2019 – 31/03/2020

(DATA IN USD)

## Core activities of ALKALOIDA Chemical Company Zrt.

### Manufacturing of 2120 Pharmaceutical Products

- Vegetable based active pharmaceutical ingredients: morphine alkaloids, codeine and its derivatives as well as Sennozide.
- Synthetic API.
- Chloroquine salts used against malaria and rheumatics as well as Phenobarbital used for tranquilizers;
- Intermediate products and finished preparations (some thirty different types of pharmaceutical preparations. Solid dosage forms, tablets, film coated tablets and capsules).

Our medicines are used typically to the following scopes of therapies: cardio-vascular diseases, disorders of the digestive system and those of the nervous system.

Manufacturing License of the Company has been extended with import, analyze and release of solid pharmaceutical products from third countries in European Union.

ALKALOIDA Chemical Company Zrt. has no subsidiary company in Hungary.

### **Data of foreign subsidiaries are detailed on the Annex 3.-**

ALKALOIDA Chemical Company Zrt. has no authorities in any enterprise on the basis of which or in pursuance of the accounting standards it shall be considered as a corporation of joint administration or associate company.

**Issued capital stock of the Company: 89.260.220.USD**, which is composed of the following elements:

#### **Shares providing general rights**

7.033.779 pieces of face values: 0,006 USD/pieces

14.489.167 pieces of face value: 6 USD/pieces

#### **Dividend priority share**

36.500 pieces of face value: 6 USD /pieces

#### **Redeemable shares**

344.000 pieces of face value: 6 USD /pieces

#### **Small investor shares**

2.557 pieces of face value: 0.006 USD/pieces

### **Ownership structure:**

Data in US

Shareholders	Number of shares				Par value (thousand HUF)				Percentage of ownership	
	31/03/2019		31/03/2020		31/03/2019		31/03/2020		31/03/2019	31/03/2020
	0.006 - USD	6. -USD	0.006 - USD	6. -USD	0.006 - USD	6. -USD	0.006 - USD	6. -USD	%	%
Sun Pharma Holdings Limited (Earlier Known as Nogad Holdings)	7,033,779	14,869,667	7,033,779	14,869,667	42,202.67	89,218,002	42,202.67	89,218,002	100.00%	100.00%
Small investors	2,557		2,557		15.34		15.34		0.00%	0.00%
<b>Total</b>	<b>7,036,336</b>	<b>14,869,667</b>	<b>7,036,336</b>	<b>14,869,667</b>	<b>42,218.02</b>	<b>89,218,002</b>	<b>42,218.02</b>	<b>89,218,002</b>	<b>100.00%</b>	<b>100.00%</b>

## 2 ACCOUNTING POLICY

### 1.1 General Information

#### **Form of the report**

Based on the legislative criteria determining the form of the report – as the net income, total balance sheet, number of employees – the Company is required to prepare an “Annual report”.

The method of chosen profit and loss statement: Trade Cost Procedure („A” version)

The “A” version balance occurs according to the act C. of 2000.

#### **Business year**

In accordance with the reporting system of the parent company the business year is determined differently from the calendar year from the 1<sup>st</sup> April to 31<sup>th</sup> March based on the article 11(2) of act C of 2000 by the Company.

#### **Date of balance preparation**

The date of balance preparation is the 15<sup>th</sup> April after the period.

#### **Accounting**

The company keep the books according to the rules of double-accounting in US dollars.

### 1.2 Major elements of the accounting policy

During the accounting, the Company enforces the evaluation methods, procedures, the order of value loss accounting are written in the compilation of the annual report, in the accounting principles and accounting policies. This ensures that report is reliable and provides a realistic view on the property of the Company, its composition, financial position and the results of the activities.

With respect to the report all and any information the omission or incorrect presentation of which may affect the decisions of the users shall be considered essential.

An error or impact of the error with effect on profit and loss or equity capital with the value of which is in excess of 2% of the aggregate amount of the balance shall be qualified as consequential (significant) error during the audit or internal audit.

#### **Evaluation procedures applied at the compilation of annaul report.**

#### **Intangible Assets**

The purchase or production cost of intangible assets reduced with the accumulated depreciation shall be indicated. Calculation of depreciation shall be made with the application of the linear method.

Expectable useful life of intangible assets is the following:

Intellectual products	3 - 10 years
Capitalised value of research and development	5 - 10 years

The residual value in the case of intangible assets is specified individually. Intellectual products under the purchasing value of 100 000 HUF shall be accounted in full amount.

### **Tangible Assets**

Tangible assets are included in the balance sheet at purchase value, or at production cost deduced with cumulated depreciation. Calculation of depreciation is made by means of the linear method. The expectable useful lives of assets are the following:

Land and buildings	50 -100 years
Technological equipment	7 - 10 years
Other equipment	2 - 7 years

The expectable useful life time of tangible assets is defined with regard to the time of their continuous serviceability.

The reduced value of devices which purchase value is less than 100 000 HUF is accounted for an amount.

### **Invested Financial Assets**

Investments meaning proportion of property are valued at purchase price until their market values permanently decline under their registered value. In this case the market price at the time of balancing shall form basis for the valuation, or – if such is not available – the proportion possessed by the Company in the shareholders' equity as per the statement.

### **Inventory**

The purchased stocks are reported. The valuation of stocks of private (own-) production (semi-finished and finished products, work in progress) occurs with the actual production cost determined with post calculation.

### **Accounting of Securities and Transactions in Foreign Currency**

In accordance with Section 60 of the Act on accounting, the determination of the assets and liabilities shall be accounted in USD at the middle exchange rate being valid on the day of the transaction and announced by Hungarian National Bank.

### **Valuation at Real Value**

ALKALOIDA Chemical Company Ltd. shall not avail itself of the opportunity of valuation at real value, thus there exists neither valuation difference not valuation reserve for real valuation in the balance sheet, and the income statement includes no valuation difference either.

## **3 COMPLETION TO THE REPORTING DATA**

### **3.1 Composition of assets**

Data in USD				
Description	2019.03.31	2020.03.31	Deviation	Index % 2020/2019
Intangible assets	77 899	52 302	-25 597	67,14%
Tangible assets	42 514 532	40 867 749	-1 646 783	96,13%
Invested financial assets	585 519 156	605 646 537	20 127 381	103,44%
<b>Fixed assets</b>	<b>628 111 587</b>	<b>646 566 588</b>	<b>18 455 001</b>	<b>102,94%</b>
Inventories	32 573 071	24 396 152	-8 176 919	74,90%
Receivables	22 851 406	13 104 406	-9 747 000	57,35%
Securities	0	0	0	0,00%
Liquid assets	5 082 290	2 435 568	-2 646 722	47,92%
<b>Current assets</b>	<b>60 506 767</b>	<b>39 936 126</b>	<b>-20 570 641</b>	<b>66,00%</b>
<b>Accrued and deferred assets</b>	<b>9 781 414</b>	<b>14 718 349</b>	<b>4 936 935</b>	<b>150,47%</b>
<b>Total of assets</b>	<b>698 399 768</b>	<b>701 221 063</b>	<b>2 821 295</b>	<b>100,40%</b>

### 3.1.1 Intangible assets

The value of the intangible assets developed during the reporting period according to those contained in annex No.1.

The method of accounting for depreciation in the case of tangible assets has not changed compared to last year.

### 3.1.2 Tangible assets

The value of the intangible assets developed during the reporting period according to those contained in annex No.2.

The increase in the tangible assets has been caused by investments exceeding the net value of the accounted depreciation and of the scrapped tangible assets. The value of the activated capital expenditure is 2.652 thousand USD, and the stock of WIP capital expenditure is 447 thousand USD in the reported period.

Changes in the stock are given in the Annex 2.

Renewal and enlarge of assets will continue.

**The tangible asset directly serves the protection of environment** so the recovery system works on the territory of the Company which data are the followings:

	01/04/2019 Opening USD	Increasing USD	Decreasing USD	31/03/2020 Closing USD
Gross value	5 124 882	271 726	0	5 396 608
Depreciation	2 501 722	472 665	0	2 974 387
Net value	2 623 160	271 726	-472 665	2 422 221

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In the beginning of the reporting period our Company had leasing contract on cars with value of 1.510 USD, net value of the same at the end of the reporting period is 0 USD.

The accounting method of the depreciation of the intangible assets has not changed compared to the past year.

**3.1.3 Invested Financial Assets**

<b>Description</b>	<b>2019.03.31</b>	<b>2020.03.31</b>
Long term investment to associated companies	254 781 967	256 283 441
Long term investment to others	0	0
Long-term credits given to associated companies	330 737 189	349 363 096
<b>Invested financial asset</b>	<b>585 519 156</b>	<b>605 646 537</b>

The development of the Company's share is contained in annex No.3.

Long-term loans are detailed in the Annex 4.

**3.1.4 Inventory****Data in USD**

<b>Description</b>	<b>2019.03.31</b>	<b>Discard value</b>	<b>Write off</b>	<b>2020.03.31</b>	<b>Index %</b>
Raw Materials and consumables	14 100 457	67 847	892 427	10 776 019	76%
Semi-finished goods and work in progress	9 589 963	1 806	1 058 401	6 947 689	72%
Live stock	-	-	-	-	0%
Finished goods	8 805 470	177 815	1 972 431	6 642 931	75%
Goods	-	-	-	-	0%
Advance payments for stock, goods	77 181	-	-	29 513	0%
<b>Total</b>	<b>32 573 071</b>	<b>247 468</b>	<b>3 923 259</b>	<b>24 396 152</b>	<b>75%</b>

Raw material inventory and WIP decreased in the actual financial year.

Advance payment for stock was paid to the SUN Pharma Ltd.

**3.1.5 Receivables**

Discription	Data in USD	
	2019.03.31	2020.03.31
Domestic trade receivables	428 858,58	64 484,19
Export trade receivables	1 883 097,01	1 895 354,73
Receivables to related companies	17 923 155,00	9 866 918,00
Other receivables	2 616 295	1 277 649
<b>Receivables</b>	<b>22 851 405,59</b>	<b>13 104 405,92</b>

Our receivables from related companies come from delivery of goods and services. At the end of the period the Company has no overdue receivables at related parties.

Receivables against parent company: 0

Receivables against subsidiaries: -647.438 USD

**Classification of receivables**

Description	Data in USD	
	2019.03.31	2020.03.31
Due receivables	2 174 152	1 269 798
Overdue receivables	137 804	690 041
of which:		
between 0-90 days	125 603	583 875
between 91-180 days	6 429	101 268
between 181-360 days	5 772	4 898
over days	-	0
<b>Total</b>	<b>2 311 956</b>	<b>1 959 839</b>

The change in the devaluation of the receivables during the year developed as below:

Description	Data in USD	
	2019.03.31	2020.03.31
<b>Opening</b>	<b>88 977</b>	<b>90 746</b>
Growth in devaluation	1 769	9 947
Devaluation writeback	0	0
Bad debt writte-off		4 721
<b>Closing</b>	<b>88 977</b>	<b>100 693</b>

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(DATA IN USD)

The Company charged devaluation only on overdue receivables similarly to the previous year within accounted devaluation.

Value loss was not accounted for receivables are relating to the related loss in the value.

The details of other receivables are shown in the table below

Other receivables	2019.03.31	2020.03.31
Advance payments for services	3 060	1 311
Meal allowances settlement	36	1 651
Advance payment for salary to employee	61 959	47 903
Duty	103 459	36 486
Advance payments against rendering accounts	-	-
Refundable VAT	2 265 266	1 077 440
Local tax	73 028	26 149
Corporation tax	13 358	-
Other receivables	96 129	67 724
National health insurance found	-	18 985
<b>Total</b>	<b>2 616 295,00</b>	<b>1 277 649,00</b>

Among other receivables the VAT receivables decreased significantly.

### 3.1.6 Cash and Bank

At the end of the current year the total USD value of the cashes was 2.435.568 USD of which 2.114 USD was in the home cash office.

In the reported period the Company had three account-keeping banks: The Hungarian branch office of Raiffeisen Bank Zrt., CIB Bank Zrt. and the ING Bank N.V.

The company has HUF and foreign exchange accounts at each of these banks, the largest part of turnover is represented by the ING followed by the CIB and Raiffeisen bank.

3.1.7 Amount of accrued income

Data in USD			
Description	2019.03.31	2020.03.31	Index %
Services, sold energy	0	0	0,00%
Interest on deposits tied up	9 666 505	14 513 732	150,14%
<b>Accrued income</b>	<b>9 666 505</b>	<b>14 513 732</b>	<b>150,14%</b>
IT cost	0	0	0,00%
Car tax	0	437	0,00%
Bank Guarantee	0	0	0,00%
Insurance fee	0	180 643	0,00%
Membership fees	0	0	0,00%
Registration cost	113 153	0	0,00%
Construction and civil engineering tax	0	23 360	0,00%
Subscription fees	1 756	178	10,14%
<b>Accrued expenses</b>	<b>114 909</b>	<b>204 618</b>	<b>178,07%</b>
<b>Deferred expenses</b>	<b>-</b>	<b>-</b>	<b>0,00%</b>
<b>Total</b>	<b>9 781 414</b>	<b>14 718 350</b>	<b>150,47%</b>

The amount of accruals increased during the reported period. IC affiliates have not paid the the interests on their given loans which is the reason why the accrued income increased.

3.2 Composition, presentation of sources

Data in USD				
Description	2019.03.31	2020.03.31	Deviation	Index % 2020/2019
Issued capital stock	89 260 220	89 260 220	0	100,00%
Capital reserve	296 794 237	296 794 237	0	100,00%
Profit reserve	-9 481 067	302 220 999	311 702 066	-3187,63%
Tied up reserves	0	0	0	0,00%
Profit or loss per balance sheet	311 702 070	4 888 615	-306 813 455	1,57%
<b>Equity capital</b>	<b>688 275 460</b>	<b>693 164 071</b>	<b>4 888 611</b>	<b>100,71%</b>
<b>Provisions</b>	<b>47 650</b>	<b>1 014 665</b>	<b>967 015</b>	<b>100,00%</b>
Deferred liabilities	0	0	0	0,00%
Long-term liabilities	0	0	0	0,00%
Short-term liabilities	7 702 715	4 948 075	-2 754 640	64,24%
<b>Liabilities</b>	<b>7 702 715</b>	<b>4 948 075</b>	<b>-2 754 640</b>	<b>64,24%</b>
<b>Accrued and deferred liabilities</b>	<b>2 373 943</b>	<b>2 094 252</b>	<b>-279 691</b>	<b>88,22%</b>
<b>Total of Sources</b>	<b>698 399 768</b>	<b>701 221 063</b>	<b>2 821 295</b>	<b>100,40%</b>



**ALKALOIDA Chemical Company Limited by Shares**

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**(DATA IN USD)**

**3.2.1 Own share**

**Data in USD**

<b>Description</b>	<b>2019.03.31</b>	<b>2020.03.31</b>	<b>Difference 2020-2019</b>	<b>Index % 2020/19</b>
Subscribed capital	89 260 220	89 260 220	0	100,00%
Capital reserve	296 794 237	296 794 237	0	100,00%
Accumulated profit reserve	-9 481 067	302 220 999	311 702 066	-3187,63%
Tied-up reserve	0	0	0	0,00%
Net profit per balance sheet	311 702 070	4 888 615	-306 813 455	1,57%
<b>Own capital</b>	<b>688 275 460</b>	<b>693 164 071</b>	<b>4 888 611</b>	<b>100,71%</b>

The profit reserve has significantly increased compared to the previous year due to the dividend received in the previous year, on the other hand the reporting period net profit per balance sheet decreased compared to the previous year.

The figures required for the analysis of the financial situation of the Company are included in Annexes 6-7-8.

**3.2.2 Long term liabilities**

The long term liabilities was paid back until the end of the period.  
In the reporting period our company was not granted any long term loans.

**Long term liabilities to related  
companies**

**Data in USD**

<b>Lender</b>	<b>Outstanding loan 31/03/2019</b>	<b>Outstanding loan 31/03/2020</b>	<b>Outstanding in original currency</b>			
			<b>Maturity</b>	<b>Below one year</b>	<b>Between 1 and 5 years</b>	<b>Interest rate (p.a.)</b>
Sun Pharma Global FZE	0	0	2024.03.27		0	3,21%
Sun Pharma Global FZE	0	0	2019.06.15		0	
<b>Total</b>	<b>0</b>	<b>0</b>			<b>0</b>	

**3.2.3 Short term liabilities**

Description	Data in USD	
	2019.03.31	2020.03.31
Short term loans	1 510	0
Advance from costumers	27 519	231 721
Suppliers	1 610 381	1 971 021
Short term liabilities to related company	6 046 925	2 304 970
Other liabilities	16 380	440 363
<b>Total</b>	<b>7 702 715</b>	<b>4 948 075</b>

Short term liabilities row contains the repayment installment of leasing debt within one year.

Actual liabilities against the related companies are resulted from delivery.

Liabilities to parent company: 0

Liabilities to subsidiaries: 4.910 USD

**Other Short term liabilities:**

Description	Data in USD		
	2019.03.31	2020.03.31	Index%
Tax liabilities	13 751	-	0,00%
Communal taxes		388 149	
Company car tax		1 485	
Innovation fee		26 695	
Rehabilitation contribution		22 813	
Other	2 629	1 221	46,44%
<b>Total</b>	<b>16 380</b>	<b>440 363</b>	<b>2688,42%</b>

**3.2.4 Accrued and deferred liabilities**

Accrued and deferred liabilities can be classified into the following groups:

Description	Data in USD		
	2019.03.31	2020.03.31	Index%
Deferred income	0	0	0,00%
Deferred costs	1 915 688	1 656 084	86,45%
Deferred expenditures - interest on loan	0	0	0,00%
Accrued income	458 255	438 168	95,62%
<b>Total</b>	<b>2 373 942</b>	<b>2 094 252</b>	<b>88,22%</b>

The detailed costs, investments of accrued and deferred liabilities are shown by the following table.

**ALKALOIDA Chemical Company Limited by Shares**

**SUPPLEMENTARY ANNEX 01/04/2019 – 31/03/2020**

**(DATA IN USD)**

<b>Data in USD</b>			
<b>Description</b>	<b>2019.03.31</b>	<b>2020.03.31</b>	<b>Index%</b>
<b>Deferred costs</b>	<b>1 915 688</b>	<b>1 656 084</b>	<b>86,45%</b>
Maintanance	124 477	119 559	96,05%
Environmental protection cost	304 738	90 340	29,65%
Audit	26 913	16 814	62,48%
Energy supply	214 797	162 587	75,69%
Wages, staff reduction related costs	946 248	689 905	72,91%
Leasing fee		386 837	0,00%
Safety technology cost	27 139	29 141	107,38%
Cleaning cost	13 706	11 973	0,00%
Other service	117 909	121 832	103,33%
Post cost	16	-	0,00%
Fuel cost	5 050	4 647	92,01%
Contract labour cost	108 073	17 414	16,11%
Travel	3 058	1 625	0,00%
Transportation cost	21 327	3 410	15,99%
Employee - gift - allowances	2 237	0	0,00%

**3.3 Data of profit and loss account**

**3.3.1 Sales revenue**

Domestic and export sales distribution:

<b>Data in USD</b>			
<b>Description</b>	<b>2019.03.31</b>	<b>2020.03.31</b>	<b>Index%</b>
Domestic	1 566 662	643 131	41,05%
Export	37 910 939	36 804 623	97,08%
<b>Total</b>	<b>39 477 601</b>	<b>37 447 754</b>	<b>94,86%</b>

98.3 percent of the total revenue comes from the export.

Export sales in the accounting period developed as below broken down by geographically separated markets:

<b>Description</b>	<b>2019.03.31</b>	<b>2020.03.31</b>
	<b>USD</b>	<b>USD</b>
Europe	6 871 630	6 908 052
of which: EU	6 523 973	6 685 991
America	19 537 757	17 175 699
Asia	10 788 920	12 605 696
Africa	712 632	105 277
Australia		9 900
<b>Total</b>	<b>37 910 939</b>	<b>36 804 623</b>

**3.3.2 Other income**

Description	Data in USD	
	2019.03.31	2020.03.31
Revenue from sale of intangible and tangible	13 708	28 460
Revenue related to previous years	391 916	239 302
Writeback of receivable devaluation from previous year	0	0
Other	862 533	718 042
Rounding	0	16 261
Received delay interest, compensation	4 777	34 664
Provision writeback	0	47 650
Received subsidy for costs compensation	20 032	21 600
<b>Total</b>	<b>1 292 965</b>	<b>1 105 980</b>

**3.3.3 Breakdown of cost by types of cost**

Description	Data in USD	
	2019.03.31	2020.03.31
<b>Capitalised value of own performance</b>	<b>- 263 231</b>	<b>- 1 611 654,00</b>
Capitalised value of self produced assets	- 99 477,00	3 193 160,00
Change in self-produced inventory	- 163 754,00	- 4 804 814,00
correction of change of stocks/ devaluation		
<b>Material related expenses</b>	<b>31 715 997</b>	<b>27 020 323</b>
Material cost	21 311 722	19 218 410
Services rendered	7 733 866	6 106 730
Cost of goods sold	2 318 452	1 495 051
Intermediated services	34 960	943
Value of other services	316 997	199 189
<b>Staff expenses</b>	<b>9 002 532</b>	<b>9 496 653</b>
Wages and salaries	6 508 556	7 047 833
Personal related expenses	1 097 221	1 057 258
Social security contribution	1 396 755	1 391 562
<b>Depreciation and amosrtisation</b>	<b>3 532 501</b>	<b>3 440 845</b>

**Environmental protection cost**

Description	Value in USD	
	2019.03.31	2020.03.31
Operation of a remediation system	1 665 627,66	648 602,75
Material costs	0,00	0,00
Dues stamps	2 366,72	22,76
Demolition of buildings		
Work related to remediation	15 089,26	9 398,95
Depreciation	463 402,66	472 665,54
<b>Total</b>	<b>2 146 486,30</b>	<b>1 130 690,00</b>

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**Salary and headcount data**

**Payroll taxes**

<b>Payroll taxes by title</b>	<b>USD</b>
Social security contribution	1 222 280
Health contribution	63 711
Contribution to vocational training fund	105 571
<b>Total</b>	<b>1 391 562</b>

In the reporting period the wages and personal allowances and the relating contributions were as follows:

<b>Staff group</b>	<b>Average statistical headcount</b>	<b>Wage costs</b>	<b>Contributions of wages</b>	<b>Other Compensation</b>	<b>Staff costs altogether</b>
	<b>persons</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Full-time, blue collar	280	3 370 282	669 405	568 586	4 608 273
Full-time white collar	149	3 612 202	727 005	475 162	4 814 369
Part time employees	5	59 169	9 707	10 511	79 388
Others not in staff	10	6 180	-14 555	2 999	-5 377
<b>Total</b>	<b>444</b>	<b>7 047 833</b>	<b>1 391 562</b>	<b>1 057 258</b>	<b>9 496 653</b>

**3.3.4 Turnover cost type result-account**

<b>Description</b>	<b>Data in USD</b>	
	<b>2019.03.31</b>	<b>2020.03.31</b>
Cost of sales	36 353 978	35 645 279
Cost of goods sold	2 318 453	1 495 051
Intermediated services	34 960	943
<b>Direct costs of sales</b>	<b>38 707 391</b>	<b>37 141 273</b>
Management costs	4 463 063	3 125 722
Sales, marketing costs	1 110 199	1 148 706
Other overhead	233 608	153 774
<b>Indirect costs</b>	<b>5 806 870</b>	<b>4 428 202</b>

3.3.5 Other expenditure

Description	Data in USD	
	2019.03.31	2020.03.31
Provision for expected costs	0	1 014 665
Devaluation Inventory and receivable	352 203	4 172 509
Net value of assets sold	0	0
Taxes	466 218	394 810
Fines	1 218	4 228
Compensation for damages	785	701
Other	17 732 008	24 046
Selejtezés, kivezetett eszköz	70 422	247 468
Scrapping	400	2 820
Environment pollution fee	9 696	13 203
Accumulation of provisions	0	81
Refunding to OEP	8 915	703
Rounding	22 987	0
Law suit costs	0	0
Other expenditures	1 073	1 031
Depreciation	5 312	0,00
<b>Total</b>	<b>18 671 237</b>	<b>5 876 265</b>

**3.3.6 Result of financial operations**

Description	Data in USD	
	2019.03.31	2020.03.31
<b>Revenues from financial trans.</b>		
Dividend income	-348 577 507	0
Other interest received	469 941	103 094
Interest received from related companies	9 845 466	14 563 668
Other revenues from financial transactions exchange gain	360 522	300 142
<b>Revenues from financial trans.</b>	<b>-337 901 577</b>	<b>14 966 904</b>
<b>Expenses on financial transactions</b>		
Financial and foreign exchange loss of investments	240 181	0
Interest paid	1 146	289
Exchange loss on fin. Investments	6 978 284	0
Interest paid to related companies	15 714 929	0
Receivables, liabilities, exchange loss	2 200 634	774 506
<b>Expenses on financial transactions</b>	<b>25 135 175</b>	<b>774 796</b>
<b>Profit (loss) of financial transactions</b>	<b>-363 036 752</b>	<b>14 192 109</b>

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3.3.7 Taxation

	Data in USD	
<b>Corporate Tax</b>	<b>2019.03.31</b>	<b>2020.03.31</b>
<b>Income before taxation</b>	<b>311 702 070</b>	<b>5 300 098</b>
<b>Items deductible from income before tax</b>	-	-
Loss carried forward utilised	0	4 572 082
Depreciation accounted as per the act on taxation, and the registration value defined when the asset was derecognised	3 641 210	3 363 637
The amount of previous years impairment reversal	0	47 650
Dividend received	331 148 754	0
<b>Total</b>	<b>3 963 831</b>	<b>334 789 964</b>
<b>Items increasing the income before tax</b>	0	0
Provisions for expected liabilities	0	1 014 665
Depreciation accounted as cost and the amount accounted as expenditure when the asset is derecognised	3 532 501	3 440 844
Amount of devaluation accounted as expenditure for receivables	1 769	9 947
Costs related to activities other than business	74	1 031
Binding judgements	0	2 355
Costs expenses and reduction of sales revenues, revenues, as a consequence of tax inspection, self-revision		
Write off debts to related companies	6 976 982	0
Difference between market price actual price applied to group companies /interest free loan/	1 209 927	2 786 511
Revision of result	6 574	0
<b>Total</b>	<b>11 721 253</b>	<b>7 255 353</b>
<b>Tax base</b>	<b>319 782 113</b>	<b>4 572 082</b>
<b>Corporate tax</b>	<b>0</b>	<b>411 487</b>
<b>Profit after tax</b>	<b>311 702 070</b>	<b>4 888 611</b>

Correlation's between the outcome forming basis of accounting and taxation:  
Tax base calculated from income before tax as per modification of effective tax rules is negative.

Corporate tax arised due to self-revision related to the previous year.



**ALKALOIDA Chemical Company Limited by Shares**

**SUPPLEMENTARY ANNEX 01/04/2019 – 31/03/2020**

**(DATA IN USD)**

Following table presents tax base calculated based on income minimum.

<b>Description</b>	<b>Data in USD</b>	
	<b>2019.03.31</b>	<b>2020.03.31</b>
Total income	400 024 000	53 413 992
Income increasing items	0	0
Income decreasing items	0	0
Adjusted income	400 024 000	53 413 992
2% of adjusted income	8 000 480	1 068 280
<b>Tax base</b>	<b>8 000 480</b>	<b>1 068 280</b>
<b>Tax liability based on minimum income calculation</b>	<b>720 043</b>	<b>96 145</b>

**3.4 Transactions with businesses within a group.**

<b>Associated Company</b>	<b>Data in USD</b>		
	<b>Customer turnover</b>	<b>Supplier turnover</b>	<b>Customer/Supplier turnover</b>
Sun Pharmaceutical Ind.Limited India	9 842 811	3 319 043	6 523 768
Sun Pharma Holdings USA Inc.	17 235 123	25 794	17 209 329
Sun Pharmaceutical Ind.(Europe)B.V	1 247 843	71 481	1 176 362
Sun Pharmaceutical Ind.(Australia)		1 924 920	-1 924 920
Sun Pharma Netherlands BV		46 872	-46 872
Terapia SA	75 182		75 182
TARo Canada	8 223		8 223
Ranbaxy Italia S.p.a	11 507		11 507
Ranbaxy (UK) Ltd.	1 609 764		1 609 764
	47 245		47 245
<b>Total</b>	<b>30 077 698</b>	<b>5 388 110</b>	<b>24 689 588</b>

## **4 Other complements**

### **4.1 Research, development, investment**

In the years 2019-2020 research, experimental and development costs were not incurred at the company in its own activities.

### **4.2 Environmental protection, outgoings on Environmental protection**

The biological sewage-treatment plant has been operated continuously. The sewage sludge forming during the cleaning and considered to be hazardous waste has been disposed of through composting.

Hazardous waste has been incinerated during the reporting period. Non-hazardous waste has been deposited.

The following returns and reports concerning the previous year have been prepared for the environmental protection authority:

Report on hazardous and non-hazardous wastes,  
Report on air contamination point sources and on organic solvent emission sources,  
Underground water protection data sheets (tank parks and sewage plant),  
Water quality basic and annual reports on sewage emission to surface waters;

No air and water loading charges were payable to tax authority.

ENCOTECH Ltd. has prepared study on emission of air required by Authority. Read values were under the specified limits.

Három Kör DELTA Ltd. has completed the ground water and shallow ground water monitoring tests, to be performed twice a year as required by the authority, and submitted the concerning evaluative report. Following authority order the existing system was completed with new wells drilled.

The operation of the groundwater discharging system at the contaminated areas marked SZI-SZ-VIII-SZ-X by ELGOSCAR-2000 Ltd. was continuous.

Remediation of SZU-II. was continuous in the reported period, hazardous waste was deposited and contaminated air coming from strippers was incinerated. Waste incinerator was already closed at the beginning of the financial year and started in January 2017.

Recovery system for remediation activities of the area behind Incinerator has been completed, trial operation has been started.

No provision was separated for Environmental liabilities.

### **4.3 One case of litigation relating to obligations is included in the balance sheet.**

In the reporting period, our Company is in litigation with one of our suppliers, Chongping Nansong Chemi-Tech Co, at the request of the firm's legal counsellor a value of 1 014 665 USD was pledged as a contingent liability to provide cover for the diminished prospects of the litigation.

**4.4 There are no additional balance items**

**4.5 The balance sheet does not contain any correction relating for the earlier periods.**

**4.6 Balance sheet and the profit and loss statement do not include any further breakdown beyond the determined breakdown, neither aggregation.**

**4.7 Business Management, Board of Directors, Supervisory Board**

The members of the executive officers, the Board of Directors and the Business Management are unrewarded for their activities during the current year.

The Company Management and the Work Council agreed in 2007 that based on the possibilities are provided by the Act on New Economic Companies (Act IV of 2006) no Supervisory Board is elected. The law has since been replaced by the Civil Code (Act V of 2013) which controls the establishment of a supervisory board.

**4.8 Cash flow account**

A Cash-Flow account is included by the attachment – 5.

**4.9 Liquidity, capital structure, profitability**

Indexes are contained by the attachment – 6, 7, 8.

15. April 2020, Tiszavasvári

Mihály Kaszás  
General Manager

**INTANGIBLE ASSETS**  
**2019/2020**

Description	Opening	Addition	Deletion	Closing
	01/04/2019 USD	USD	USD	31/03/2020 USD
<b>Gross value</b>				
Capitalised value of foundation and restructuring costs				0
Capitalised value of research and development	2,788,654			2,788,654
Concessions and similar rights and assets k	505,590	592		506,182
Intellectual property				0
Goodwill				0
Advance payments on intangible assets				0
Revaluation of intangible assets				0
<b>Total</b>	<b>3,294,244</b>	<b>592</b>	<b>0</b>	<b>3,294,836</b>
<b>Depreciation</b>				
Capitalised value of foundation and restructuring costs				0
Capitalised value of research and development	2,783,464			2,783,464
Concessions and similar rights and assets k	432,881	26,189		459,070
Intellectual property				0
Goodwill				0
Advance payments on intangible assets				0
Revaluation of intangible assets				0
<b>Total</b>	<b>3,216,345</b>	<b>26,189</b>	<b>0</b>	<b>3,242,534</b>
<b>Net value</b>				
Capitalised value of foundation and restructuring costs				
Capitalised value of research and development	5,190	0		5,190
Concessions and similar rights and assets k	72,709	-25,597		47,112
Intellectual property				
Goodwill				
Advance payments on intangible assets				
Revaluation of intangible assets				
<b>Total</b>	<b>77,899</b>	<b>-25,597</b>	<b>0</b>	<b>52,302</b>

**TANGIBLE ASSETS**  
**2019/2020**

Description	Opening	Addition		Deletion		Closing
	01/04/2019 USD	USD	USD	USD	USD	31/03/2020 USD
<b>Gross value</b>						
Land and buildings and related concessions and similar	54,221,260	137,050				54,358,310
Technical equipment, machinery and vehicles	30,469,950	1,173,569		236,864		31,406,655
Other equipment, fittings and vehicles	13,446,790	1,341,620		4,923		14,783,487
Breeding stock						
Capital WIP, renovations	659,368	2,439,534		2,652,239		446,663
Advance payments on Capital WIP	672,859	188,878		860,538		1,199
Revaluation of tangible assets						
<b>Total</b>	<b>99,470,227</b>	<b>5,280,651</b>	<b>3,754,564</b>	<b>100,996,314</b>		
<b>Depreciation</b>						
Land and buildings and related concessions and similar	19,937,923	1,482,137				21,420,060
Technical equipment, machinery and vehicles	26,737,691	1,013,684		236,864		27,514,511
Other equipment, fittings and vehicles	10,280,080	918,835		4,923		11,193,992
Breeding stock						
Capital WIP, renovations						
Advance payments on Capital WIP						
Revaluation of tangible assets						
<b>Total</b>	<b>56,955,694</b>	<b>3,414,656</b>	<b>241,787</b>	<b>60,128,563</b>		
<b>Net value</b>						
Land and buildings and related concessions and similar	34,283,337	-1,345,087				32,938,250
Technical equipment, machinery and vehicles	3,732,259	159,885				3,892,144
Other equipment, fittings and vehicles	3,166,710	422,785				3,589,495
Breeding stock	0	0				0
Capital WIP, renovations	659,368	2,439,534		2,652,239		446,663
Advance payments on Capital WIP	672,859	188,878		860,538		1,199
Revaluation of tangible assets						
<b>Total</b>	<b>42,514,533</b>	<b>1,865,995</b>	<b>3,512,777</b>	<b>40,867,751</b>		

### Long term investments in related companies 2019/2020

Company	Location	Proprietary share (%)	Nominal value		Book value USD 31/03/2020
			Currency	Value	
<b>USD</b>					
<b>Domestic</b>					
Reanal Finomvegyszergyár Zrt.	Hungary	0.81	THUF	1,167	-
<b>Total domestic</b>					
<b>-</b>					
<b>Overseas</b>					
Taro Pharmaceutical Industries Ltd	Israel	60.9	ILS	2,711	239,842,016
Sun Ph. Industries (Europe) BV	Netherlands	100	EUR	18,000	19,762
Sun Ph Germany GmbH	Germany	100	EUR	25,000	27,447
Sun Pharmaceuticals France	France	100	EUR	37,000	40,622
SUN Farmacêutica do Brasil Ltda	Brazil	99.58	BRL	23,307,436	11,749,882
Sun Pharmaceuticals Switzerland	Switzerland	100	CHF	100,000	103,712
Tarsius Pharma			USD	3,000,000	3,000,000
Cosmose Inc.			USD	1,500,000	1,500,000
<b>Total overseas</b>					<b>256,283,441</b>
<b>Total investments</b>					<b>256,283,441</b>

Long term given loans to related companies						
Company	Currency	31/03/2019	Increase	Decrease	31/03/2020	Book Value USD
Sun Ph. Industries (Europe) BV	EUR	0	0	0	0	0
Ranbaxy Italia	EUR	3,293,095	58,387	0	3,351,482	3,679,592
SP Spain	EUR	0	0	0	0	0
SP Germany	EUR	2,600,000	0	350,000	2,250,000	2,470,275
SP France	EUR	683,529	27,639	0	711,168	780,791
SP Brasil	USD	35,988,023	568,270	0	36,556,293	36,556,293
SP Australia	USD	0	0	0	0	0
Caraco USA	USD	287,376,145	18,500,000	0	305,876,145	305,876,145
Alkaloida Sweden	EUR	0	0	0	0	0
SP UK	GBP	0	0	0	0	0
SP Switzerland	CHF	0	0	0	0	0
<b>Total</b>						<b>349,363,096</b>

2020.05.07

## CASH-FLOW STATEMENT FOR THE YEAR 2019/2020 ("A" TYPE)

USD

No.	Designation	Previous year 31/03/2019	Reference year 31/03/2020
	<b>I. Change in cash out of ordinary activity</b> (lines 1-13.)	<b>-91,733,308</b>	<b>19,220,668</b>
	(operational cash flow)		
1	± Profit or loss before tax	311,703,328	5,300,102
	Profit or loss before tax correction	-348,577,507	
	Corrected Profit or loss before tax	-36,874,179	5,300,102
2	+ Depreciation charge	3,532,501	3,440,845
3	± Loss in value/write back of loss in value	36,022	4,180,756
4	± Difference between provisions made and used	0	967,015
5	± Proceeds from sale of invested assets	-13,708	-28,460
6	± Change in trade accounts payable	4,067,095	-3,381,315
7	± Change in other short term liabilities	-135,819	626,675
8	± Change in accrued expenses	-3,067,111	-279,691
9	± Change in trade accounts receivables	-9,732,211	8,408,354
10	± Change in current assets (except for: trade accounts and liquid assets)	-4,845,745	5,334,809
11	± Change in prepaid expenses	-7,824,714	-4,936,935
12	- Corporate tax paid (payable)	-1,260	-411,487
13	- Dividend paid (payable)		
	<b>II. Change in cash provided by operating activities</b> (lines 14-16.)	<b>350,602,557</b>	<b>-3,241,483</b>
14	- Purchase of invested assets	2,011,342	-3,269,943
15	+ Sales of invested assets	13,708	28,460
16	+ Dividend received	348,577,507	0
	<b>III. Change in cash used in investing activities</b> (lines 17-27.)	<b>-292,343,872</b>	<b>-18,625,907</b>
17	+ Share issue (capital increase)		0
18	+ Bond issue		
19	+ Borrowings	-188,093,409	0
20	+ Repayment, cancellation of long term loans and bank deposits	-104,250,463	-18,625,907
21	+ Cash received		
22	- Share withdrawal	0	0
23	- Bond redemption		
24	- Loan repayment		
25	- Long term loans given and bank deposits		
26	- Cash transferred		
27	± Change in liabilities towards the owners and in other long term liabilities		
	<b>IV. Movement in cash and cash equivalent</b> (±I±II±III. lines)	<b>-33,474,623</b>	<b>-2,646,722</b>



LIQUIDITY	2018/2019	2019/2020	CHANGE
Liquidity ratio = $\frac{\text{Current assets}}{\text{Short term liabilities}}$	11.28	7.85	-30%
Quick asset ratio = $\frac{\text{Current assets} - \text{Stocks}}{\text{Short term liabilities}}$	3.53	3.62	3%
Cash liquidity ratio (cash ratio) = $\frac{\text{Cash and Bank} + \text{Securities}}{\text{Short term liabilities}}$	0.45	0.66	48%
Dynamic liquidity = $\frac{\text{Trading (operating) profit (loss)}}{\text{Short term liabilities}}$	-2.91	-1.97	-32%
Term indicator (day) = $\frac{\text{Current assets} - \text{Stocks}}{(\text{Material-related expenses} + \text{staff expenses} + \text{Other expenses} + \text{Paid interest and interest related expenses} + \text{Tax payment liability}) / 365}$	135.75	128.78	-5%
Short term operation safety indicator = $\frac{\text{Current assets} - \text{Short term liabilities}}{\text{Short term liabilities}}$	6.86	7.77	13%
Long term operation safety indicator = $\frac{\text{Owner's equity} + \text{Deferred liabilities} + \text{Long term liabilities}}{\text{Fixed assets}}$	1.10	1.07	-2%

DEBT SERVICE	2018/2019	2019/2020	CHANGE
Interest coverage I. = $\frac{\text{Trading (operating) profit (loss)}}{\text{Paid interest and interest related expenses}}$	-1.43	-30768.19	2157191.2%
Interest coverage II. = $\frac{\text{Ordinary entrepreneurial profit (loss)} + \text{Paid interest and interest related expenses} - \text{Received interest and interest related revenues}}{\text{Paid interest and interest related expenses}}$	20.18	-32409.60	-160726.0%
EBITDA coverage I. = $\frac{\text{Trading (operating) profit (loss)} + \text{Amortisation}}{\text{Paid interest and interest related expenses}}$	-1.20	-18862.16	1569820.5%
EBITDA coverage II. = $\frac{\text{Ordinary entrepreneurial profit (loss)} + \text{Paid interest and interest related expenses} - \text{Received interest and interest related revenues} + \text{Amortisation}}{\text{Paid interest and interest related expenses}}$	20.40	-20503.56	-100598.7%
Cash-flow coverage = $\frac{\text{Profit (loss) after taxation} + \text{Amortisation}}{\text{Paid interest and interest related expense}}$	20.06	28821.66	143590.9%
Debt repayment ability = $\frac{\text{Profit (loss) after taxation} + \text{Amortisation}}{\text{Liabilities}}$	40.93	1.85	-95.5%

CAPITAL STRUCTURE	2017/2018	2018/2019	CHANGE
Capital adequacy = $\frac{\text{Owner's equity}}{\text{Assets total}}$	0.99	0.99	0.4%
Rate of indebtedness = $\frac{\text{Liabilities}}{\text{Assets total}}$	0.01	0.01	-41.7%
Net indebtedness = $\frac{\text{Liabilities - Receivables}}{\text{Owner's equity}}$	-0.02	-0.01	-46.5%
Capital strain indicator = $\frac{\text{Liabilities}}{\text{Owner's equity}}$	0.01	0.01	-41.9%
Long term indebtedness = $\frac{\text{Deferred liabilities + Long term liabilities}}{\text{Deferred liabilities + Long term liabilities + Owner's equity}}$	0.00	0.00	0.0%
Liabilities / Tangible assets = $\frac{\text{Liabilities}}{\text{Tangible assets}}$	0.18	0.11	-39.2%
Liabilities / Tangible net worth = $\frac{\text{Liabilities}}{\text{Owner's equity - Intangible asse}}$	0.01	0.01	-41.9%
Internal generation of equity capital = $\frac{\text{Profit (loss) after taxation}}{\text{Owner's equity}}$	0.45	0.01	-98.4%
<b>WORKING CAPITAL</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>CHANGE</b>
Working capital adequacy = $\frac{\text{Current assets - Short term liabilities}}{\text{Assets total}}$	0.08	0.05	-34.0%
Turnaround of working capital = $\frac{\text{Net sales revenue}}{\text{Current assets - Short term liabilities}}$	0.75	1.07	43.2%
Short term liabilities / Tangible net worth = $\frac{\text{Buyer stock}}{\text{Supplier stock}}$	1.44	0.99	-30.7%
Short term liabilities / Tangible net worth = $\frac{\text{Short term liabilities}}{\text{Owner's equity - Intangible asse}}$	0.01	0.01	-41.9%

<b>PROFITABILITY I.</b>		2018/2019	2019/2020	CHANGE
Return on Equity (ROE)	$\frac{\text{Profit (loss) after taxation}}{\text{Owner's equity}}$	45.29%	0.71%	-98.4%
Return on Sales (ROS)	$\frac{\text{Profit (loss) after taxation}}{\text{Net sales revenue}}$	789.57%	13.05%	-98.3%
Return on Assets (ROA)	$\frac{\text{Profit (loss) after taxation}}{\text{Assets total}}$	44.63%	0.70%	-98.4%
Profit (loss) after taxation / Working capital	$\frac{\text{Profit (loss) after taxation}}{\text{Current assets - short term liabilities}}$	590.30%	13.97%	-97.6%
Profit (loss) after taxation / Tangible net worth	$\frac{\text{Profit (loss) after taxation}}{\text{Owner's equity - Intangible asset}}$	45.29%	0.71%	-98.4%
Equity-proportional profit (loss) before taxation	$\frac{\text{Profit (loss) before taxation}}{\text{Owner's equity}}$	45.29%	0.76%	-98.3%
Sales-proportional profit(loss) before taxation	$\frac{\text{Profit (loss) before taxation}}{\text{Net sales revenue}}$	789.57%	14.15%	-98.2%
Asset-proportional profit (loss) before taxation	$\frac{\text{Profit (loss) before taxation}}{\text{Assets total}}$	44.63%	0.76%	-98.3%
Profit rate of activity 1	$\frac{\text{Trading (operating) profit (loss)}}{\text{Net sales revenue}}$	-56.78%	-23.75%	-58.2%
Profit rate of activity 2	$\frac{\text{Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue}}{\text{Net sales revenue}}$	803.25%	-25.01%	-103.1%
Trading profit (loss) /Owner's equity	$\frac{\text{Trading (operating) profit (loss)}}{\text{Owner's equity}}$	-3.26%	-1.28%	-60.6%
<b>PROFITABILITY II.</b>		2018/2019	2019/2020	CHANGE
Trading profit (loss) / Assets total	$\frac{\text{Trading (operating) profit (loss)}}{\text{Assets total}}$	-3.21%	-1.27%	-60.5%
EBIT / Assets total	$\frac{\text{Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue}}{\text{Assets total}}$	45.40%	-1.34%	-102.9%
EBIT / Tangible net worth	$\frac{\text{Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue}}{\text{Owner's equity - Intangible assets}}$	46.08%	-1.35%	-102.9%
EBITDA / Assets total	$\frac{\text{Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue + Amortisation}}{\text{Assets total}}$	45.91%	-0.85%	-101.8%
Return on Investment (ROI)	$\frac{\text{Profit (loss) after taxation}}{\text{Owner's equity + Deferred liabilities + Long term liabilities}}$	45.29%	0.71%	-98.4%
Return on Capital Employed (ROCE) (Capital-proportional EBITDA)	$\frac{\text{Ordinary entrepreneurial profit (loss) + Paid interest and interest related expenses - Received interest and interest related revenue}}{\text{Owner's equity + Deferred liabilities + Long term liabilities}}$	46.07%	-1.35%	-102.9%
Return on Invested Capital (ROIC)	$\frac{\text{Trading (operating) profit (loss)} * (1 - \text{Company tax rate})}{\text{Total liabilities - Suppliers - Accruals}}$	-2.71%	-1.15%	-57.6%
Profit reinvestment ratio (Rate of capital growth)	$\frac{\text{Profit (loss) after taxation}}{\text{Owner's equity}}$	45.29%	0.71%	-98.4%
Gross margin	$\frac{\text{Sales sales revenue - (Material related expenses + Staff expenses)}}{\text{Net sales revenue}}$	-3.14%	2.49%	-179.1%
Export ratio	$\frac{\text{Net export sales revenue}}{\text{Net sales revenue}}$	96.03%	98.28%	2.3%