



Developed Markets

Growth in the pharmaceutical industry in developed markets is expected to be led by the introduction of new drugs. Specialty medicines are forecast to account for a significant portion, exceeding 55% of total spending in developed markets in 2027. However, pharmaceuticals in developed markets face challenges such as biosimilar competition and increasing number of patent expiries. Despite these challenges, the increasing adoption of specialty medicines is expected to persist, particularly in oncology and immunology.

Developed Markets – Pharmaceutical Spending and Growth¹

Table 3

Region/Country	2022	2018-2022 CAGR	2027	(US\$ Billion)
				2023-2027 CAGR
Top 10 Developed Markets	968.9	5.7%	1,207-1,237	2.5-5.5%
Other Developed Markets	119.4	6.4%	156-176	4-7%
Total Developed Markets	1088.3	5.7%	1,370-1,400	2.5-5.5%

US¹

The US pharmaceutical industry is expected to witness subdued growth over the next five years due to several factors namely increased discounts and rebates, upcoming patent expiries and heightened competition from new generic and biosimilar drugs. However, spending on medicines is still projected to increase by US\$ 134 Billion annually by 2027, with the main driver being the use of existing branded products.

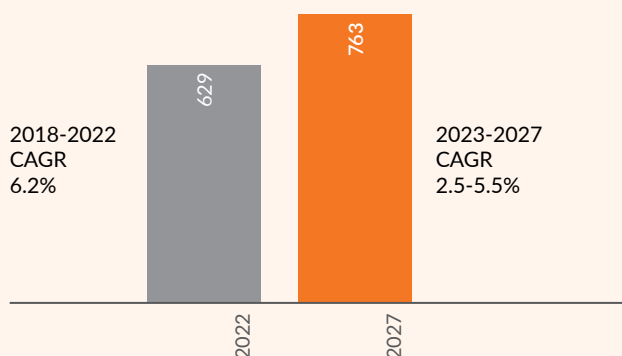
The key contributors towards the annual increase in US medicine spending by 2027 are expected to include the increasing use of existing protected brand products (154 Billion) and new brands (122 Billion) offset by Loss of Exclusivity on existing products (141 Billion). Therefore, despite the challenges of Loss of Exclusivity, innovation is expected to drive growth with the launch of new oncology drugs and next generation biotherapeutics.

Off-invoice discounts and rebates result in spending that is estimated at 36% lower than the invoice level in 2022 and projected to be 45% lower than the invoice level in 2027. On a net price basis, US market is expected to grow at -1 to 2% through 2027. Introduction of Inflation Reduction Act or IRA is expected to be a key reason of increasing off-invoice discounts and rebates.

Graph 2

US Pharmaceutical Spending at Invoice level and Growth

(US\$ Billion)



Top 5 Western European Markets (WE5)¹

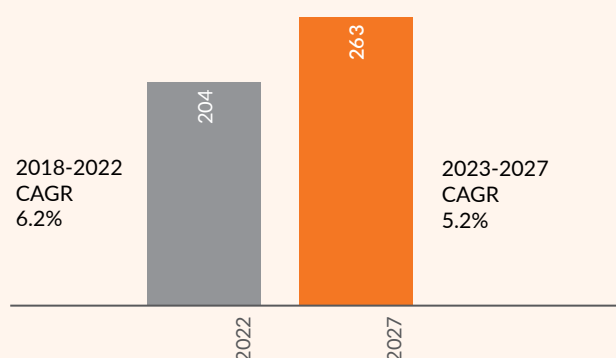
The top five Western European pharmaceutical markets are expected to experience a mix of opportunities and challenges over the next five years. Despite the pandemic's sustained impact on marketing operations early on and budget pressures affecting reimbursement decisions later, the launch of new brands is expected to continue driving growth through to 2027. Additionally, generics and biosimilars are projected to contribute to growth, though this may be offset by price deflation and losses of exclusivity.

The oncology and neurology therapies are among the areas expected to see significant growth, along with next generation biotherapeutics.

Graph 3

WE5 Pharmaceutical Spending and Growth

(US\$ Billion)



Our Global Specialty Business*

Specialty medicines are the latest generation of products that are specifically developed for treating chronic, complex, and rare diseases. In 2022, they accounted for around 43% of the global pharmaceutical spending, up from 32% in 2017. They account for 49% of pharmaceutical spending in top-10 developed markets in 2022, expected to grow to 56% in respective markets by 2027. This highlights the sustained growth of specialty medicines in addressing the unmet medical needs of patients worldwide.

Share of Specialty Medicines in Overall Pharmaceutical Spending – By Market¹

Table 5

Year	2012	2017	2022	(%) 2027
Top 10 Developed Market	28	40	49	56
Other Developed Market	27	36	39	47
Pharmerging Market	10	12	16	16
Global Market	24	32	43	43

Beginning with acquisition of DUSA in 2012, Sun Pharma has continued to expand its global specialty offering. Within specialty, the Company is mainly focused on addressing patient needs in areas of dermatology, ophthalmology and onco-dermatology. Sun's investments in specialty have continued in three core areas

- Attain product access through in-licensing/acquisitions and in-house R&D
- Clinical development of pipeline specialty assets
- Build front-end commercial infrastructure

*Global Specialty revenues are separately reported but also as a part of geographical businesses, including US and others.

FY23 Highlights

During the year, Sun acquired Concert Pharma Inc. The lead asset of Concert, deuruxolitinib, has successfully completed global Phase-3 trials including in the US, for the indication of treatment of Alopecia Areata. The Company also launched SEZABY (phenobarbital sodium injection) for the US market, for the treatment of neonatal seizures. SEZABY is the first and only product approved by the U.S. Food and Drug Administration for the treatment of neonatal seizures in term and preterm infants.

Till date, Sun Pharma has marketed approximately 26 specialty products across different markets, which contributed ~16.2% to the Company's consolidated revenues for FY23.

Currently Marketed Specialty Portfolio

Table 6

Product	Description
Ilumya/ Ilumetri	For treatment of adults with moderate-to-severe plaque psoriasis who are candidates for systemic therapy or phototherapy <ul style="list-style-type: none"> • Long term clinical data shows that the significant response rate seen in 52 & 64 weeks were maintained over five years¹ • Ongoing Phase-3 trials for Psoriatic Arthritis • Current Markets: US, Australia, Japan, Canada, Europe (by partner Almirall) • Out licensed to CMS for Greater China where it received approval in May 2023 & to Hikma for Middle East & North Africa
Winlevi	Topical treatment of acne vulgaris in patients 12 years of age and older <ul style="list-style-type: none"> • Results from two pivotal clinical trials showed favourable safety and efficacy data for WINLEVI in patients with acne aged 12 years and older² • Current Markets: US
Levulan Kerastick + BLU-U	For photodynamic therapy (treatment) of minimally to moderately thick actinic keratoses of the face or scalp, or actinic keratoses of the upper extremities <ul style="list-style-type: none"> • First and only PDT approved to treat the face and scalp as well as the upper arms, forearms, and hands³ • Current Markets: US