INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS

To the Shareholders of:
Glenmark Pharmaceuticals Peru S.A.

Opinion

1. We have audited the accompanying financial statements of Glenmark Pharmaceuticals Perú S.A. (hereinafter the Company) that comprise the statement of financial position as of March 31, 2022, and 2021, the statements of comprehensive income, changes in equity and cash flows for the twelve-month period ended on those dates, as well as the policies significant accounting and other explanatory notes.

   In our opinion, the accompanying financial statements present fairly, in all their significant aspects, the financial situation of Glenmark Pharmaceuticals Perú SA, as of March 31, 2021, and 2021, as well as its financial performance and its cash flows for the period of twelve months ended on those dates, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

Basis for opinion

2. We have conducted our audit in accordance with International Standards on Auditing (ISA) Our responsibilities under the ISAs are described below in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to the audit of the financial statements in Peru, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

Responsibilities of management and corporate governance regarding the financial statements

3. The management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and for the internal control that Management deems necessary for the financial statements to be free. of material misstatements, due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

4. Our objectives are to obtain reasonable assurance that the financial statements are free from material misstatements due to fraud or error, and to issue an audit opinion that contains our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with the ISAs will always detect misstatement, where it exists. Misstatements can be due to fraud or error and are considered material if, individually or collectively, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

Dirección: Av. Petit Thouars 4653, Of 703 Lima 18, Perú
Central Telefónica: (511) 617 -9400
Fax: (511) 617 -9401
rea.auditores@reaperu.com
www.reaperu.com

5. Key audit matters

Key audit matters are those that, in our professional judgment, were of greatest importance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon; however, we do not issue a separate opinion on these matters.

Key Audit Matters	***How our audit addressed the matter***
Going Company *According to what is cited in notes 1 and 16 to the financial statements as of March 31, 2022, the accumulated losses have reduced the Company's capital by more than 50%. Peruvian General Companies Law specifies that if such condition is not overpassed, it could declare the insolvency of the Company.*	*We met with the Company's Management who showed us the projections of income, cost, and profit for the following four years, where it was observed that the assumptions considered, mainly the launch of new products and the future capital contribution that will be used in the payment of current obligations could recover the financial situation in the medium term.*
Deferred income tax asset generated by tax losses. *According to is mentioned in note 10 to the financial statements as of March 31, 2022, deferred income tax has been recorded as an asset generated by tax losses, being a condition prior to its recognition as an asset and its effect on income in the statement. of results that the Company has evidence of having tax profits in the next four years that allow the recovery of tax losses and their effect on the deferred income tax asset.*	*We met with the Company's Management who showed us the projections of income, cost, and profit for the following four years, where it was observed that the assumptions considered, mainly the launches of new products, would generate taxable taxable profits that will allow us to recover the tax loss. and its effect on deferred income tax within the terms established by the Peruvian tax administration.*

6. As part of an audit in accordance with the ISAs, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

6.1 We identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures to respond to such risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, misstatements, or the override of internal control.

Dirección: Av. Petit Thouars 4653, Of 703 Lima 18, Perú
Central Telefónica: (511) 617 -9400
Fax: (511) 617 -9401
rea.auditores@reaperu.com
www.reaperu.com

RAMÍREZ ENRÍQUEZ Y ASOCIADOS
AUDITORES Y CONSULTORES

6.2 We obtained an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of internal control implemented for the Company.

6.3 We evaluate the appropriateness of the accounting policies applied and, where appropriate, the reasonableness of the accounting estimates and related disclosures made by Management.

6.4 We evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether those financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6.5 We evaluate the appropriateness of Management's use of the going concern basis of accounting, based on the audit evidence obtained regarding events that may anticipate significant uncertainty about 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 audit opinion to the respective information disclosed in the financial statements. Our conclusions are supported by the audit evidence obtained up to the date of our audit report. However, future events or conditions could mean that the Company could not continue as a going concern.

6.6 We communicate with the management regarding, among other matters, the planned scope and timing of the audit procedures and possible significant audit findings, as well as any significant deficiencies in internal control that we identify during our audit.

Lima, Peru

25 April 2022

Endorsed by:

Ramírez Enríquez y Asociados

____
Félix Terán Suárez (Partner)
Certified Public Accountant
Registration Nº 01-01613

GLENMARK PHARMACEUTICALS PERÚ S.A.
STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2022, AND 2021
(Expressed in Soles)

	2022	2021		2022	2021
ACTIVE			LIABILITIES AND EQUITY		
CURRENT ACTIVE			CURRENT LIABILITIES		
Cash and cash equivalents (Note 5)	4,125,921	2,299,993	Trade accounts payable	397,452	345,449
Trade accounts receivable, net (Note 6)	853,084	974,583	Trade accounts payable to related parties (Note 14)	2,737,112	4,187,688
Trade receivables from related parties (Note 7)	160,161	387,193	Other accounts payable (Note 15)	3,375,342	331,580
Inventories (Note 8)	1,298,562	891,005	Total current liabilities	6,509,906	4,864,717
Miscellaneous accounts receivable (Note 9)	722,815	760,543			
Total cur, rent assets	7,160,543	5,313,317			
			NON-CURRENT LIABILITIES		
			Lease liabilities (Note 13)	286,225	466,998
			Total current liabilities	286,225	466,998
			TOTAL LIABILITIES	6,796,131	5,331,715
NON-CURRENT ASSETS					
Deferred income tax (Note 10)	1,744,456	3,959,550	NET EQUITY		
Buildings, equipment and furniture, net (Note 11)	728,874	750,031	Social capital (Note 16)	38,169,324	38,169,324
Intangibles, net (Note 12)	20,440	30,718	Accumulated results (Note 17)	(35,024,917)	(32,980,425)
Right-of-use assets, net (Note 13)	286,225	466,998	Total equity	3,144,407	5,188,899
Total non-current assets	2,779,995	5,207,297			
TOTAL ASSETS	9,940,538	10,520,614	TOTAL LIABILITIES AND EQUITY	9,940,538	10,520,614

The accompanying notes are an integral part of the financial statements.

GLENMARK PHARMACEUTICALS PERÚ S.A.

STATEMENT OF COMPREHENSIVE INCOME
TWELVE MONTH PERIOD ENDED 31 MARCH., 2022, AND 2021
(Expressed in Soles)

	2022	2021
Sales, net (Note 18)	8,234,498	5,940,694
Cost of sales (Note 19)	(2,625,594)	(2,080,063)
Gross profit	5,608,904	3,860,631
OPERATING EXPENSES		
Administrative expenses (Note 20)	(1,742,026)	(2,514,042)
Selling expenses (Note 21)	(2,734,958)	(2,787,881)
Loss of operation	1,131,920	(1,441,292)
OTHER INCOME AND EXPENSES):		
Financial expenses (Note 22)	(168,518)	(177,843)
Net exchange difference (Note 4a)	(158,770)	(329,173)
Other income	18,206	43,654
Other expenses (Note 23)	(652,235)	(610,319)
Loss before income tax and deferred income tax	170,603	(2,514,973)
Income tax and deferred income tax (Notes 10 and 24)	(2,215,094)	(159,709)
Net loss	(2,044,491)	(2,674,682)

The accompanying notes are an integral part of the financial statements.

GLENMARK PHARMACEUTICALS PERÚ S.A.

STATEMENT OF CHANGES IN EQUITY
AS OF 31 MARCH 2022, AND 2021
(Expressed in Soles)

	Social Capital (Note 16)	Accumulated results (Note 17_)	Total heritage
BALANCES AS OF MARCH 31, 2020	32,993,169	(30,305,744)	2,687,426
Capital contribution	5,176,155	-	5,176,155
Net loss	-	(2,674,682)	(2,674,682)
BALANCES AS OF MARCH 31, 2021,	38,169,324	(32,980,426)	5,188,899
Net loss	-	(2,044,491)	(2,044,491)
BALANCES AS OF MARCH 31, 2022	38,169,324	35,024,917	3,144,407

The accompanying notes are an integral part of the financial statements.

GLENMARK PHARMACEUTICALS PERÚ S.A.

STATEMENT OF CASH FLOWS
TWELVE MONTH PERIOD ENDED 31 MARCH 2022, AND 2021
(Expressed in Soles)

	2022	2021
OPERATING ACTIVITIES:		
Net loss	(2,044,491)	(2,674,682)
Plus (minus): adjustments to net loss		
Depreciation and amortization	281,474	168,631
Deferred income tax	2,215,094	159,709
	452,077	(2,346,342)
Increase (decrease) in liabilities:		
Trade accounts payable and other current liabilities	1,858,041	(4,331,868)
Other passives	135,678	1,125,990
Increase (decrease) in assets:		
Trade accounts receivable	(143,046)	891,623
Other current assets	(407,557)	417,427
CASH AND CASH EQUIVALENT (USED) PROVIDED FOR OPERATING ACTIVITIES	1,895,193	(4,243,170)
INVESTMENT ACTIVITIES:		
Buildings, furniture, and equipment	(66,035)	(315,482)
Intangibles	(3,230)	(8,509)
CASH AND CASH EQUIVALENT USED IN INVESTMENT ACTIVITIES	(69,265)	(323,991)
FINANCIAL ACTIVITIES:		
Capital contribution	-	5,176,155
CASH AND CASH EQUIVALENT FROM FINANCING ACTIVITIES	-	5,176,155
Net increase in cash and cash equivalents	1,825,928	608,994
Cash and cash equivalents at the beginning of the period	2,299,993	1,690,999
Cash and cash equivalents at the end of the period	4,125,921	2,299,993

The accompanying notes are an integral part of the financial statements.

1. IDENTIFICATION AND ECONOMIC ACTIVITIES

a) Background

GLENMARK PHARMACEUTICALS PERÚ S.A. Subsidiary of Glenmark Pharmaceuticals Limited (hereinafter the Company) was incorporated on 21 July 2008. It began its activities on 24 July 2008 and is registered in the Public Registries according to electronic entry No. 12218587. It is governed by its statute, the Peruvian General Law of Companies, and other applicable regulations.

The Company's legal address is Av. Juan de Arona N ° 151 Office. 701c Torre A- San Isidro, Lima- Peru.

b) Economic activity

The Company's main economic activity is the importation and commercialization of pharmaceutical and medicinal products that are supplied by its related parties.

<u>National Health Emergency</u>

Through Supreme Decree N° 044-2020-PCM dated 15 March 2020, a State of National Emergency was declared due to the serious circumstances that affect the life of the Nation because of COVID-19 for a period of 15 calendar days, extended for additional periods after that date. Currently, the national emergency condition remains. Regarding the condition described above, the Company's Management considers it appropriate to inform that this status led to the migration of part of its operations to non-contact persons and when it is required to be in person, they have been carried out adopting all the required biosafety measures.

c) Equity Recovery

Due to the fact that the financial statements as of March 31, 2022, present accumulated losses that exceed more than 50% of the share capital, a situation that, according to the General Law of Companies, requires the immediate convening of the Shareholders' Meeting to report such situation. and that if maintained could generate inconveniences for its operations, the Company's Management has been in an improvement project since 2019, optimizing investments and expenses, as a consequence of the aforementioned strategy. In the year 2022, a profit before income tax of approximately US$ 50,000 was obtained, likewise the four-year plan contemplates the launch of twenty-two new products, which will allow sales to be reached in the fourth year for a value of 5 million. dollars, generating profits in the coming periods.

In the 2022 period, the Company received a capital contribution pending capitalization of approximately US$ 733,000, with said contribution, current debt with its related parties was be paid.

d) Approval of financial statements

The financial statements as of March 31, 2021, have been approved by Management and will be presented to the General Shareholders' Meeting for its approval. In Management's opinion, these statements will be approved by the General Board without modifications. The financial statements as of 31 March 2022, have not yet been approved by the General Shareholders' Meeting.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) Declaration of compliance

The financial statements are prepared and presented in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB) in force as of 31 March 2022, and 2021.

b) Measurement bases

The financial statements have been prepared from the Company's accounting records and in accordance with the historical cost principle, except for right-of-use assets that are recorded at fair value through profit or loss.

c) Foreign currency transactions

Functional currency and presentation currency

To express its financial statements, the Company has determined its functional currency, based on the main economic environment where it operates, which fundamentally influences the determination of the prices of the goods and services it provides, and the costs incurred to provide these goods services. The financial statements are presented in Soles, which is, in turn, the Company's functional and presentation currency. All transactions are measured in the functional currency and, on the contrary, foreign currency is anything other than the functional currency.

Transactions and balances in foreign currency

Operations in foreign currency are recorded in soles applying the exchange rates on the day of the transaction. Balances as of 31 March 2022, and 2021 are valued at the exchange rate at the end of the period. Differences at the beginning of a transaction and the settlement exchange rate of the transaction or the exchange rate at the end of the period, present the net exchange difference item in the statement of comprehensive income.

d) Estimates and significant accounting criteria

The estimates and accounting criteria used in the preparation of the financial statements are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are considered reasonable under the circumstances.

The Company makes estimates and assumptions regarding the future. The resulting accounting estimates could differ from the respective actual results. However, in Management's opinion, the estimates and assumptions applied by the Company do not have a significant risk of causing a material adjustment to the balances of assets and liabilities in the next period.

The most significant estimates in relation to the financial statements correspond to the estimate of doubtful collection, estimate of impairment of inventories, asset for deferred income tax, depreciation of fixed assets as well as for the right of use and provisions for social benefits of workers, whose accounting criteria are described below.

Management has exercised its critical judgment when applying accounting policies in the preparation of the accompanying financial statements, as explained in the corresponding accounting policies.

e) New Accounting Pronouncements

- IFRS 17 "Insurance contracts" establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts that are within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that accurately represents those contracts. This information provides a basis for users of financial statements to assess the effect that insurance contracts have on the financial position, financial performance, and cash flows of the entity. This standard repeals IFRS 4 "Insurance contracts". The rule is applicable for annual periods beginning on January 1, 2021, for assurance that an entity provides relevant information which fairly represents such contracts.

- Modification of IAS 37, regarding onerous contracts, for periods beginning on January 1, 2022, early adoption is allowed.

- Modification of IAS 16, regarding income before intended use, for annual periods beginning on 01 January 2023, early adoption is allowed.

The Company's management evaluated the impact of the adoption of the new International Financial Reporting Standard (IFRS), not generating an effect on the financial statements.

3. ACCOUNTING POLICIES AND PRACTICES FOLLOWED BY THE COMPANY

The main accounting policies applied in the preparation of the financial statements are detailed below. These principles and practices have been applied uniformly in all the years presented, unless otherwise indicated.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash in bank checking accounts and other similar units that are easily convertible into known amounts of cash and are subject to a non-significant risk of changes in their value.

b) Financial instruments

Financial instruments are contracts that simultaneously give rise to a financial asset in one company and a financial liability or an equity instrument in another. Financial instruments are those operations that simultaneously generate a financial asset in a company and a financial liability or a capital instrument in another company; interest, dividends, gains, and losses arising therefrom are considered in the income statement. The Company determines the classification of financial assets and liabilities at the time of their initial recognition and, when permitted and appropriate, will reevaluate this designation at the end of each year.

Classification of financial assets

Amortized Cost:
They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money or services directly to a debtor without the intention of negotiating the account receivable. They are included in current assets except for maturities greater than twelve months after the date of the statement of financial position, which are classified as non-current. Account's receivables include trade and miscellaneous accounts receivable from the statement of financial position. The initial recognition of accounts receivable is at their nominal value, they are carried at amortized cost using the effective interest rate method, less the allowance for doubtful accounts. The amortized cost is calculated considering any discount or premium incurred, commissions and costs, which constitute an integral part of the effective interest rate. Losses caused by impairment are recognized in the income statement.

c) Classification of financial liabilities

The Company's financial liabilities are recorded at amortized cost and comprise trade accounts payable and other accounts payable; They are recognized at their transaction value because the Company is a party to the contractual agreements of the financial instrument. The effective interest rate method is used.

d) Compensation of financial assets and liabilities

Financial assets and financial liabilities are offset when it has the legal right to offset them, and management intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

e) Impairment of financial assets and liabilities

Financial Assets:
A financial asset is impaired when: (I) the rights to receive cash flows from the asset have expired; or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay all of the cash flows received immediately to a third party under a transfer agreement and (iii) the Company has transferred substantially all the risks and benefits of the asset or if it has not transferred or retained substantially all the risks and benefits of the asset, if you have transferred substantially all the risks of the asset, your control has been transferred.

Financial liabilities:
A financial liability is written off when the payment obligation is terminated, canceled, or expires. When an existing financial liability is replaced by another of the same borrower under significantly different conditions, the conditions are significantly modified, such replacement or modification is treated as a derecognition of the original liability, the new liability is recognized and the difference between the two is recognized. reflected in the income statement.

f) Inventories

Inventories are measured at cost or net realizable value, whichever is lower. The cost is determined following the average cost method, except for inventories receivable that are determined using the specific cost method and correspond to supplies such as office supplies.

The stock impairment estimate is applied when pharmaceutical products are 06 months from their expiration date and which in turn show slow commercial turnover; It also applies when they are damaged, that is, in conditions that do not allow their commercialization.

g) Building, equipment, and furniture

Building, equipment, and furniture are recorded at acquisition cost net of their accumulated depreciation and the accumulated amount of any loss due to impairment of value that they have suffered throughout their useful life. The cost of construction, furniture and equipment comprises a purchase price, including non-refundable purchase duties and taxes, as well as any directly attributable cost to leave the asset in working and useable condition.

Disbursements after the acquisition of building components, equipment and furniture are only recognized when it is probable that the Company will obtain the future economic benefits derived from it and the cost of the asset can be reliably valued. Maintenance and repair expenses are affected by the results of the year in which they are incurred. The cost and accumulated depreciation of the assets withdrawn or sold are eliminated from the respective accounts and the resulting profit or loss is affected in the results of the year in which it occurs.

	Useful life (years)
- Buildings	33
- Transport units	10
- Furniture and fixtures	10
- Various equipment	10
- Computer equipment	4

h) Impairment loss

When there are economic events or changes that indicate that the value of a long-lived asset may not be recoverable, Management reviews the book value of these assets. If after this analysis it turns out that its book value exceeds its recoverable value, an impairment loss is recognized in the statement of income, or the revaluation surplus is reduced in the case of assets that have been revalued, by an amount equivalent to the excess of the net book value of its tax effects referred to deferred income tax. Recoverable amounts are estimated for each asset or, if not possible, for each cash-generating unit.

The recoverable value of a long-lived asset or a cash-generating unit is the greater of its fair value less costs to sell and its value in use. The fair value less costs to sell a long-lived asset or a cash-generating unit is the amount that can be obtained by selling it, in a transaction carried out under conditions of mutual independence between well-informed parties, less the corresponding costs. selling. The value in use is the present value of the estimated future cash flows expected to be obtained from an asset or a cash-generating unit. The book balances of non-financial assets other than goodwill that have been subject to write-offs for impairment are reviewed at the date of each report to verify possible reversals of impairment.

i) Dividends

Dividends are recorded when the right to receive such dividend has been established by resolution of the General Shareholders' Meeting.

j) Provisions

Provisions are recognized when the Company has a present legal obligation or assumed because of past events, it is probable that the outflow of resources will be required to settle the obligation and it is possible to estimate its amount reliably. Provisions are reviewed and adjusted each year to reflect the best estimate.

When the effect of the time value of money is significant, the amount of the provision is the present value of the expenses that are expected to be incurred to cancel it.

k) Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements. These are disclosed in notes to the financial statements unless the possibility of an economic flow being disbursed is remote.

Contingent assets are not recognized in the financial statements and are only disclosed when it is probable that they will generate income from resources.

l) Compensation for time of service

Compensation for staff time of service (CTS) is calculated in accordance with current legislation for the full compensation rights of workers and must be paid through deposits in the financial entities chosen by them. Other accounts payable is included in the caption and is recorded with a charge to results as it accrues.

m) Leases

The estimate of the value in use of the leased assets is determined and recorded in accounting based on the amount of the conductive allowance of each lease contract, said estimate is calculated based on the future payments pending payment, discounted at present value, generating at the beginning an asset and liability for the right of use. After its initial registration, the right-of-use asset is depreciated, and the right-of-use liability will decrease when the corresponding payment is made.

n) Revenue recognition

Income is recognized in result for the year, in accordance with the provisions of IFRS 15, the standard is applied to contracts individually considering the following criteria:

1. Identification of the contract
2. Identification of performance obligations
3. Determination of the transaction price
4. Allocation of transaction price to performance obligations
5. Recognition of income to the satisfaction of performance obligations

Revenue is recognized when control of pharmaceutical products is transferred to the customer and there is no unfulfilled obligation that could affect their acceptance; This happens when the products have been shipped to the specific delivery location and meet the agreed conditions. After delivery, the customer has total control over the distribution and price, also assumes the risks of obsolescence and loss of relationship with the products.

Income is presented in profit or loss, net of returns and trade discounts.

o) Recognition of costs and expenses

The cost of sale is recorded simultaneously with the recognition of income. Expenses are recognized in income as they accrue and are recorded in the periods to which they relate, regardless of when they are paid.

p) Financial income and expenses

Financial income and expenses are recorded in income in the periods to which they are related and are recognized when accrued.

q) Income tax and employee participation

Income tax and participation of current workers:

The current income tax asset or liability is measured as the amount expected to be recovered from or paid to the tax authorities. Income tax is calculated based on the individual financial information of the Company. According to legal norms, workers' participation is calculated on the same basis as that used to calculate current income tax.

Deferred income tax:

The deferred income tax liability is recognized for all taxable temporary differences that arise when comparing the book value of assets and liabilities and their tax base, without considering the time when it is estimated that the temporary differences that originated, they will be reversed. The deferred income tax asset is recognized by deductible temporary differences between the book value of assets and liabilities and their tax base, to the extent that it is probable that, in the future, the Company will have taxable income against which can apply the temporary differences that revert. Liabilities and assets are measured at the income tax rate, which is expected to be applied to taxable income in the year in which this liability is settled or the asset is realized, using the current or substantially current income tax rate. on the date of the statement of financial position.

Deferred assets and liabilities are recognized without considering the moment when it is estimated that the temporary differences are canceled. Deferred assets are recognized when it is probable that there will be sufficient future benefits for the deferred asset to be applied. As of the date of the statement of financial position, the Company assesses the unrecognized deferred assets, as well as the accounting balance of those recognized.

4. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risks, credit risk and liquidity risk. The Company's general risk management program focuses primarily on the unpredictability of financial markets and attempts to minimize potential adverse effects on the Company's financial performance.

The Finance Management oversees financial risk management, identifies, evaluates, and hedges financial risks in close coordination with the Company's operating units.

(a) Risks

(i) Currency risk

When the Company's activities are carried out in foreign currency, it is exposed to the risk of fluctuations in the exchange rates of the US dollar.

Balances in foreign currency are summarized as follows:

	In US Dollars	
	2022	2021
Assets	411,146	53,577
Passives	(771,717)	(1,125,048)
Liabilities exposed to currency risk	(360,571)	(1,071,471)

Balances in foreign currency were expressed at the following exchange rates:

	In Soles	
	2022	2021
1 S/ Exchange rate - purchase (assets)	3.695	3.754
1 S/ Exchange rate - sale (liabilities)	3.701	3.758

As of 31 March 2022, the Company recorded gains for exchange difference for S/ 544,890 (S/ 138,522 in 2021) and losses for exchange difference for S/ 703,660 (S/ 703,660 in 2021), which were They present in the caption exchange difference, net, of the statement of income.

In case there is a devaluation or revaluation of the US dollar in relation to the Sun as of 31 March 2022, and 2021, and all variables are kept constant, the net profit before income tax would have increased or decreased as follows:

Year	Increase / decrease Exchange rate in US$	Effect on results before tax in S/
2022	+ 10%	133,448
	- (10%)	(133,448)
2021	+ 10%	402,667
	- (10%)	(402,667)

Management estimates that there will be no significant exchange fluctuations.

(ii) Interest rate risk

The Company does not have significant interest-bearing assets; the Company's operating income and cash flows are independent of changes in market interest rates.

(iii) Credit risk

The Company's financial assets potentially exposed to concentrations of credit risk consist mainly of deposits with banks and trade accounts receivable. With respect to deposits with banks, the Company reduces the probability of significant concentrations of credit risk because it maintains its deposits and places its cash investments in first-class financial institutions and limits the amount of exposure to credit risk in any of the financial institutions. With respect to commercial accounts receivable as of 2018, credit is granted to customers with whom there is a long commercial relationship period, also direct sales are no longer made to Public Health Entities, but sales to authorized distributors which by owning the goods, they assume the credit risk.

(iv) Liquidity risk

Financial Management supervises the cash flow projections made on the Company's liquidity requirements to ensure that there is enough cash to meet operational needs, maintaining sufficient margin for unused credit lines.

5. CASH AND CASH EQUIVALENT

It is detailed as follows:

	In Soles	
	2022	2021
Cash	1,450	1,500
Current accounts (a)	4,064,282	2,046,054
Bank certificates (b)	60,189	252,439
	4,125,921	2,299,993

a) Current accounts correspond to balances in local banks, in soles and US dollars, they do not generate interest and are freely available.

b) The bank certificates endorse the letters of guarantee granted to the Social Health Security as a guarantee of compliance with commercial obligations and the letter of guarantee granted to the supplier Centro Empresarial Juan de Arona S.A.C. for the office rental.

6. COMMERCIAL ACCOUNTS RECEIVABLE

It is detailed as follows:

	In Soles	
	2022	2021
Invoices	1,414,732	1,517,630
Cash bank checks	13,471	13,471
Invoices receivable foreign currency	-	5,963
Doubtful collection estimate	(575,119)	(562,481)
	853,084	974,583

Movement of the doubtful collection estimate is shown below:

	In Soles	
	2022	2021
Initial balance	(562,481)	(31,713)
Addition	(12,638)	(530,768)
Final Balance	(575,119)	(562,481)

7. ACCOUNTS RECEIVABLE FROM RELATED

It is detailed as follows:

	In Soles	
	2022	2021
Glenmark Farmaceutica Ltda.	-	4,576
Glenmark Pharmaceuticals Ecuador S.A.	-	11,637
Glenmark Pharmaceuticals Brasil (A)	5,462	213,811
Glenmark Pharmaceuticals Ltd – India.	154,699	157,169
	160,161	387,193

(a) Corresponds to advance for the purchase of pharmaceutical products.

8. STOCKS

It is detailed as follows:

	In Soles	
	2022	2021
Commodities	1,165,252	713,967
Supplies	44,297	44,065
Goods to receive	277,438	287,252
	1,486,987	1,045,284
Devaluation of inventories	(188,425)	(154,279)
	1,298,562	891,005

Movement of the estimate of impairment is shown below:

	In Soles	
	2022	2021
Initial balance	(154,279)	(1,034,471)
Provisions	(243,071)	(277,238)
Recovery due to product destruction	208,925	1,157,430
Final Balance	(188,425)	(154,279)

The estimate for impairment of inventories has been determined considering technical aspects and in the opinion of the Company's Management, this estimate adequately covers its risk of impairment as of 31 March 2022, and 2021.

9. MISCELLANEOUS ACCOUNTS RECEIVABLE

It is detailed as follows.

	In Soles	
	2022	2021
Income Tax	195,542	195,542
General Sales Tax	115,197	6,310
ITAN account payments	159,201	119,511
Accounts receivable from staff	21,694	16,842
Prepaid expenses	19,529	22,207
Claims (a)	160,653	207,341
Deposits in guarantee	-	43,152
Others	50,999	149,638
	722,815	760,543

(a) Corresponds to withholdings made by suppliers

10. DEFERRED INCOME TAX

It is detailed as follows:

	In Soles		
	2021	Additions/ (Deductions)	2022
Tax losses (a)	3,711,667	(2,211,690)	1,499,977
Provision for doubtful collections	165,932	3,728	169,660
Devaluation of inventories	45,512	(244)	45,268
Vacations	36,142	(5,284)	30,858
Assets for right of use	297	(1,604)	(1,307)
	3,959,550	(2,215,094)	1,744,456

(a) As indicated in Note 1 (c) to the financial statements, the Company is in a recovery process and will generate tax profits that will allow it to recover the tax loss asset in the following four years.

11. BUILDING, FURNITURE AND EQUIPMENT

It is detailed as follows:

Year 2022

	In Soles				
	Balance as of 31.03.2021	Additions	Withdrawals or Sales	Transfers / Adjustments	Balance as of 31.03.2022
Cost:					
Buildings	501,799	-	-	-	501,799
Furniture and fixtures	145,854	1,093	-	-	146,947
Computer Equipment	151,767	45,599	-	-	198,366
Miscellaneous equipment	64,244	24,769	(19,566)	-	69,447
Total	863,664	72,461	(19,566)	-	916,559
Accumulated depreciation:					
Buildings	(10,416)	(25,090)	-	-	(35,506)
Furniture and fixtures	(11,515)	(33,020)	13,141	-	(31,394)
Computer Equipment	(91,702)	(29,083)	-	-	(120,785)
Total	(113,633)	(87,193)	13,141	-	(187,685)
Net worth	750,031				728,874

Year 2021

	In Soles				
	No Audited Balance as of 31.03.2020	Additions	Withdrawals or Sales	Transfers / Adjustments	Balance as of 31.03.2021
Cost:					
Buildings	-	117,460	-	384,339	501,799
Furniture and fixtures	80,567	145,855	(80,568)	-	145,854
Computer Equipment	201,961	10,172	(60,366)	-	151,767
Miscellaneous equipment	42,990	41,995	(20,741)	-	64,244
Ongoing installations	384,339	-	-	(384,339)	-
Total	709,857	315,482	(161,675)	-	863,664
Accumulated depreciation:					
Buildings	-	(10,416)	-	-	(10,416)
Furniture and fixtures	(64,190)	(7,901)	60,576	-	(11,515)
Computer Equipment	(119,883)	(35,471)	63,652	-	(91,702)
Miscellaneous equipment	(16,697)	-	16,697	-	-
Total	(200,769)	(53,788)	140,925	-	(113,633)
Net worth	509,087				750,031

The depreciation expense for the year has been distributed in the income statement as follows:

	In Soles	
	2022	2021
Administrative Expenses	87,193	53,788

12. INTANGIBLES

It is detailed as follows:

Year 2022

	In Soles				
	Balance as of 31.03.2021	Additions	Withdrawals or sales	Transfers /adjustmens	Balance as of 31.03.2022
Cost:					
Product development	65,539	3,399	-	-	68,938
Amortization:					
Product development	(34,821)	(13,677)	-	-	(48,498)
Net worth	30,718				20,440

Year 2021

	In Soles				
	Balance as of 31.03.2021	Additions	Withdrawals or sales	Transfers /adjustmens	Balance as of 31.03.2022
Cost:					
Software	32,087		-	(32,087)	-
Product development	180,210	8,509	(123,180)	-	65,539
	212,297				65,539
Amortization:					
Software	(4,485)	(27,602)	32,087		-
Product development	(91,509)	(66,491)	123,179	-	(34,821)
	(95,994)				(34,821)
Net worth	116,303				30,718

13. RIGHT OF USE ASSETS

It is detailed as follows:

Year 2022

	In Soles		
	Balance as of 31.03.2021	Additions	Balance as of 31.03.2022
Office	542,321	-	542,321
Total	542,321	-	542,321
Accumulated depreciation:			
Office	(75,323)	(180,774)	256,097
Total	(75,323)	(180,774)	256,097
Net worth	466,998		286,224

The amount of the right-of-use assets has been determined based on contracts signed with third parties for the rental of goods owned by these third parties.

Year 2021

	In Soles		
	Balance as of 31.03.2020	Additions	Balance as of 31.03.2021
Office	-	542,321	542,321
Total	-	542,321	542,321
Accumulated depreciation:			
Office	-	(75,323)	(75,323)
Total	-	(75,323)	(75,323)
Net worth	-		466,998

The amount of the right-of-use assets has been determined based on contracts signed with third parties for the rental of goods owned by these third parties.

The depreciation expense for the year has been distributed in the income statement as follows:

	In Soles	
	2022	2021
Administration expenses	180,774	75,323

14. TRADE ACCOUNTS PAYABLE TO RELATED PARTIES

It is detailed as follows:

	In Soles	
	2022	2021
Glenmark Pharmaceuticals Ltd – India	2,583,565	4,187,688
Specialty	153,547	-
	2,737,112	4,187,688

Trade accounts payable to related parties include the acquisition of merchandise and supplies for the development of the Company's commercial activity. These accounts payable are denominated in soles and dollars, are of current maturity, do not have specific guarantees and do not accrue interest.

15. OTHER ACCOUNTS PAYABLE

The other accounts payable corresponded mainly to cash transfers made by the shareholders to the Company, through which US $ 390,876, US $ 464,876, and US $ 699,876 were received in the years 2028 and 2019, respectively. This cash was capitalized by approval of the General Shareholders' Meeting of July 24, 2020, for S/ 5,176,156. As of March 31, 2022, they include employee benefits that correspond to salaries, bonuses, and vacations for S/ 234,284 (S/ 259,334 in 2021), additionally includes S/ 2,964,510 (approximately US$ 733,000) which will be allocated to the patrimonial recovery, to date it is still pending to be formalized by shareholders' agreement.

16. SOCIAL CAPITAL

On 24 July 2020, through the General Shareholders' Meeting, it was agreed to capitalize contributions in cash for an amount of S/ 5,176,155 and to issue the same number of shares for a nominal value of S/ 1.

The subscribed and paid capital stock of the Company as of 31 March 2022 and 2021, is represented by 38,169,324 common shares, with a nominal value of S / 1 each.

Shareholding structure is as follows:

% Participation individual capital	Nº of Shareholders	% Total de participation
Up to 99.99%	1	99.99
From 99.99% to100%	1	0.01
	2	100.00

17. ACCUMULATED RESULTS

They are capable of being capitalized or can be distributed as dividends, by agreement of the Shareholders' Meeting. Dividends and any other form of profit distribution are subject to Income Tax with the rate of 5% on the amount distributed, borne by the shareholders, only applicable via withholding at source to the shareholder natural person domiciled or not, or person legal entity not domiciled in Peru. According to the General Law of Companies, the distribution of dividends must be made in proportion to the shareholders' contribution.

As of 31 March, 2022, accumulated losses have reduced the Company's capital by more than 50%, a situation that according to the General Law of Companies in its Article 176, indicates that, if in the review of the financial statements for the year or even For a shorter period, losses of half or more of the capital are appreciated, the board of directors must immediately call a general meeting to report the current situation of the Company and within 15 days following said call to the meeting, they must call the partners and declare insolvency to the Company, in case said loss exceeds one year, the provisions of Article 220 - Mandatory reduction for losses must be applied: Which indicates that if there is a loss greater than 50% and a year has elapsed without having been Once passed, the reduction of the Company's capital will be mandatory.

As indicated in Note 1 to the financial statements, the equity recovery agreements will be formalized in the first half of 2021.

18. SALES

It is detailed as follows.

	In Soles	
	2022	2021
Merchandise	8,635,482	6,467,056
Discounts	(400,584)	(526,362)
	8,234,898	5,940,694

19. COST OF SALES

It is detailed as follows

	In Soles	
	2022	2021
Merchandise	2,045,627	1,689,193
Cost of medical samples	336,895	113,540
Devaluation	243,072	237,330
	2,625,594	2,080,063

20. ADMINISTRATIVE EXPENSES

It is detailed as follows

	In Soles 2022	2021
Personal expenses	535,154	564,452
Services provided by third parties	760,664	997,284
Depreciation and amortization	281,324	223,204
Provision for doubtful collections	12,638	530,768
Other expenses	152,246	198,334
	1,742,026	2,514,042

21. SALES EXPENSES

It is detailed as follows

	In Soles 2022	2021
Personal expenses	1,304,334	1,494,387
Marketing expenses	736,972	663,274
Distribution expense	462,222	502,135
Other expenses	231,430	128,085
	2,734,958	2,787,881

22. FINANCIAL EXPENSES

Financial expenses correspond mainly to commissions for the factoring service of S/ 117,833 (S/ 145,564 in 2021).

23. OTHER EXPENSES

It is detailed as follows:

	In Soles 2022	2021
Personal expenses	402,110	391,617
Translation services	66,254	156,461
Others (a)	183,871	62,241
	652,235	610,319

Others, mainly includes expenses for advisory and administrative consulting for S/ 120,071, in 2021 it corresponded to product registration for S/ 19,145.

24. TAX SITUATION

a) The years 2017 to 2022 inclusive of the Company, are pending review by the tax authorities. Any higher expense that exceeds the provisions made to cover tax obligations will be charged to the results of the years in which they are finally determined. In Management's opinion, because of said review, no significant liabilities will arise that affect the financial statements as of 31 March 2022, and 2021.

b) In application of Legislative Decree N. 972, as of 01 January 2010, the exemption for capital gains and interests from transferable securities issued by legal entities incorporated or established in the country has been eliminated, as well as interest and capital gains from bonds issued by the Peruvian Government and from certificates of deposits from the Central Reserve Bank.

c) For the purposes of income tax, general sales tax, and selective consumption tax, the market value of transactions between related parties must be determined based on the transfer pricing rules. These standards define, among others, a scope of application, linkage criteria, as well as comparability analysis, methodologies, adjustments, and informative declaration. The regulations indicate that until 2015, when certain conditions are met, companies are required to have a Technical Study that supports the calculation of transfer prices for transactions with related companies. Likewise, this obligation applies to all transactions carried out from, to or through countries or territories with low or no taxation.

   Through Legislative Decree No. 1312 published on 16 December 2016, effective as of January 1, 2017, changes are established in the formal obligations and presentation of Informative Affidavits, providing that they must be submitted:

   - Local Report, required as of 2017 for the 2016 financial year.
   - Master Report, required as of 2019 for fiscal year 2017.
   - Country by Country Report, required as of 2019 for the year 2017.

   Through the publication of Supreme Decree No. 333-2017-EF published on 17 November 2017, it specifies the obligation to present the Informative Affidavits establishing the enforceability, obligation and minimum content that said declarations must comply with.

   Likewise, through Superintendency Resolution N. 014-2018/SUNAT, published on 18 January, 2018, the rules for the presentation of the Informative Affidavit * DJI Local Report (Virtual Form No. 3560) are approved, in which they are established Among other things, the exceptions, the content of the declaration, the means for filing the declaration, the forms and general conditions for filing the declaration and the deadline for filing the Informative Affidavit, establishing the deadline for filing the DJI to the May tax period of the fiscal year following that to which the declaration corresponds and as an exception, it provides that for the DJI fiscal year 2016 is carried out in the month of April 2018.

   On 18 January 2019, Superintendency Resolution N°. 014-2019 / SUNAT was published, which approves the rules for the presentation of the Local Report Informative Affidavit.

In this regard, the Company's Management considers that for the purposes of the above, the provisions of the tax legislation on transfer prices have been considered for transactions between related companies and those carried out from, to or through countries or territories of low or no taxation.

d) The total or partial distribution of dividends or other forms of profit distribution is subject to income tax with a 4.1% withholding for 2014. The distribution of profits made in favor of individuals is not included. domiciled legal entities. In accordance with the provisions of Law 30296, the tax on dividends for the profits generated will be 6.8% for taxable years 2015 and 2016. Through Legislative Decree No. 1261, published on December 10, 2016, the tax on dividends will be of 5% as of 2017.

e) In accordance with what is indicated in Law N. 30341, effective as of 01 January 2016, the Income Tax exemption was established until 31 December 2018, of income from the sale of shares and other securities representing shares carried out through a centralized trading mechanism supervised by the Superintendency of the Securities Market. Through Legislative Decree N° 1262 published on 10 December 2016, this benefit was extended until 31 December 2019.

f) As of 2005, a Temporary Tax on Net Assets has been established, the tax base of which is made up of the value of the net assets adjusted at the end of the year prior to which the payment corresponds, deducting depreciation, amortization, reserve requirements. enforceable and specific provisions for credit risk. The tax rate is 0.4% for 2016 and 2015 applicable to the amount of assets that exceeds S /. 1,000,000. The tax may be paid in cash or in nine successive monthly installments. The amount paid can be used against the payments on account of the General Income Tax Regime for the tax periods from March to December of the taxable year for which the tax was paid until the due date of each of the payments on account. and against the payment of regularization of the income tax of the taxable year to which it corresponds.

g) Likewise, the Income Tax withholding rate applicable to technical assistance provided by entities not domiciled in the country has been established at 15%, regardless of the place where the service is carried out, provided that the requirements indicated in the Income Tax Law.

h) From 01 April 2011, onwards, the Financial Transaction Tax rate has been set at 0.005% and is applied to charges and credits in bank accounts or movements of funds through the financial system, unless it is exonerated. In cases where the payment of obligations is made by means other than the delivery of a sum of money or without using the means of payment, the tax is double the rate and always on the excess of 15% of the obligations of the Company that are canceled in this way.

Tax support measures ordered by the Government against Covid-19

i) Through Legislative Decree N° 1471 published on 29 April 2020, the income tax law and other provisions are modified, which establishes rules for the determination of payments on account of the corresponding third category income tax. to the months of April to July of the taxable year 2020, with the option that taxpayers can reduce or suspend them; To contribute to the reactivation of the economy and mitigate the impact on the national economy, of the isolation and mandatory social immobilization provided in the declaration of the National State of Emergency decreed in the face of the serious circumstances that affect the life of the Nation because of COVID -19.

j) Through Legislative Decree N. 1481 published on 08 May, 2020, the period for carrying forward losses under System (A) provided for in article 50 of the Income Tax Law is extended, only for the total net loss of third category of Peruvian source registered in taxable year 2020, allocating it year by year, until its amount is exhausted, to the third category net income obtained in the five (5) immediately subsequent years computed as of taxable year 2021. The balance that is not compensated once that period has elapsed, cannot be computed in the following exercises.

k) Through Legislative Decree N° 1487 published on 10 May 2020, the system of deferral and / or fractionation of tax debts administered by SUNAT is established. Debts pending payment, in compulsory collection or contested until August 31, 2020, can be accepted in this regime. Said debts may be canceled up to 36 months according to the payment method chosen by the taxpayer with a moratorium interest rate of 40 % in force on the effective date established by SUNAT by means of a Superintendency Resolution. Through Supreme Decree N°. 285-2020-EF dated 28 September 2020, the deadline for submitting the application for acceptance of the regime is extended until December 31, 2020.

l) By Legislative Decree N°. 1488 dated 10 May 2020, a special depreciation regime is established for taxpayers of the General Income Tax Regime, as well as modifying the depreciation terms, by increasing the percentages of this, for certain assets acquired or under construction in 2020. These changes in rates are applicable as of January 1, 2021.

25. CONTINGENCIES AND COMMITMENTS

The Company maintains a letter of guarantee in the Banco de Credito del Perú for US $ 15,947, granted in favor of the provider Centro Empresarial Juan de Arona SAC, to guarantee compliance with the rental contract of an office and 5 parking lots located on Av. Juan de Arona 151, N° 701-C, tower A, San Isidro

26. SUBSEQUENT EVENTS

In Management's opinion after 31 March 2022, up to the date of this report, no significant events or events have occurred that require adjustments or disclosures to the financial statements at the end of said year.