

GLENMARK PHARMACEUTICALS PERU S.A.C.

REPORT ON REVIEW OF FINANCIAL INFORMATION

AT AS MARCH 31, 2024

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REPORT ON REVIEW OF FINANCIAL INFORMATION

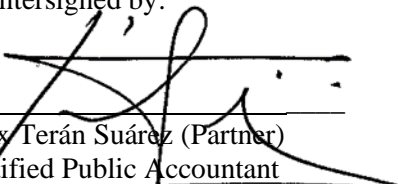
To the Shareholders and Directors of
Glenmark Pharmaceuticals Peru S.A.C.

1. We have reviewed the accompanying Balance sheet of Glenmark Pharmaceuticals Peru S.A.C. (“the Company”), and related statement of Income, changes in equity and cash flow statement for the quarter and six months ended 31 March 2024 (“the Statement”).
2. This Statement, which is the responsibility of the Company’s Management and approved by the Company’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the International Financial Reporting Standards “Financial Reporting” (“IAS 34”). Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the International Standard on Review engagement 2410 “Review of Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries, primarily of the Company’s personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standard on Auditing (IAS 34), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statements are not prepared, in all material respects, in accordance with the recognition and measurement principles laid down in the International Financial Reporting Standards.

Lima, Perú

April 30, 2024

Countersigned by:



Felix Terán Suárez (Partner)
Certified Public Accountant

Registration N° 01-01613

I. FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

(Expressed in Soles)

	<u>Notes</u>	01.04.2023- <u>31.03.2024</u>	01.04.2022- <u>31.03.2023</u>
<u>SOURCES OF FUNDS</u>			
1. SHAREHOLDERS' FUNDS			
a) Share capital		41,133,332	41,133,332
b) Retained earnings		<u>(35,494,603)</u>	<u>(35,243,121)</u>
	6 (a)	<u>5,638,729</u>	<u>5,890,211</u>
2. DEFERRED TAX LIABILITY			
Less: Deferred Tax Assets	6 (b)	<u>(51,011)</u>	<u>(1,013,561)</u>
		<u>(51,011)</u>	<u>(1,013,561)</u>
	TOTAL	<u>5,587,718</u>	<u>4,876,650</u>
<u>APPLICATION OF FUNDS</u>			
3. FIXED ASSETS			
a) Gross Block		967,300	987,558
b) Less : Depreciation		<u>(325,352)</u>	<u>(272,955)</u>
c) Net Block		641,948	714,603
d) Intangible		31,469	27,117
e) Right to use asset		<u>343,872</u>	<u>105,451</u>

GLENMARK PHARMACEUTICALS PERU S.A.C.
REPORT ON REVIEW OF FINANCIAL INFORMATION AT MARCH 31, 2024

	<u>Notes</u>	01.04.2023- <u>31.03.2024</u>	01.04.2022- <u>31.03.2023</u>
CURRENT ASSETS, LOANS AND			
4. ADVANCES			
a) Inventories		2,253,347	951,390
b) Sundry debtors		1,310,533	1,426,499
c) Cash and bank balances		2,673,195	2,458,054
d) Loans and advances		<u>619,265</u>	<u>783,799</u>
		<u>6,856,340</u>	<u>5,619,742</u>
Less: CURRENT LIABILITIES AND PROVISIONS			
a) Current liabilities	6 (c)	1,618,376	1,183,920
b) Provisions		211,910	198,488
c) Other liability		<u>110,357</u>	<u>102,404</u>
		<u>1,940,643</u>	<u>1,484,812</u>
Less: NON CURRENT LIABILITIES AND PROVISIONS			
a) Lease liability - non current		<u>345,268</u>	<u>105,451</u>
NET CURRENT ASSETS		<u>4,570,429</u>	<u>4,029,479</u>
	TOTAL	<u>5,587,718</u>	<u>4,876,650</u>

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2024

(Expressed in Soles)

	<u>Notes</u>	<u>01.04.2023- 31.03.2024</u>	<u>01.04.2022- 31.03.2023</u>
INCOME			
Sales & Operating Income	6 (d)	9,085,435	8,799,300
Other income		<u>28,571</u>	<u>306,126</u>
		<u>9,114,006</u>	<u>9,105,426</u>
EXPENDITURE			
Cost of sales		(2,738,254)	(2,788,631)
Selling and operating expenses	6 (e)	(5,389,314)	(5,445,088)
Depreciation/Amortization		<u>(275,370)</u>	<u>(277,506)</u>
		<u>(8,402,938)</u>	<u>(8,511,225)</u>
Exchange rate		-	(81,510)
PROFIT BEFORE TAX		711,068	512,691
Provision for taxation		(962,550)	(730,895)
- Current Year			
- Earlier Years			
- Deferred tax		<u>(962,550)</u>	<u>(730,895)</u>
NET PROFIT (LOSS) AFTER TAX		<u>(251,482)</u>	<u>(218,204)</u>
Balance Profit brought forward		<u>(35,243,121)</u>	<u>(35,024,917)</u>
NET PROFIT AVAILABLE FOR APPROPRIATION		(35,494,603)	(35,243,121)
Dividend paid on preference shares			
Tax on dividend paid on preference shares			
Dividend on Equity Shares			
Tax on dividend paid on equity shares			
Transfer to Debenture Redemption Reserve			
Adjustment the tax deferred			
Transfer to General Reserve			
Adjustment previous years-tax deferred			
BALANCE CARRIED TO STATEMENT OF FINANCIAL POSITION		<u>(35,494,603)</u>	<u>(35,243,121)</u>

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2024

(Expressed in Soles)

	<u>01.04.2023-</u> <u>31.03.2024</u>	<u>01.04.2022-</u> <u>31.03.2023</u>
<u>Functional Currency</u>		
A. <u>Cash flow from operating activities:</u>		
Net Profit before tax	711,068	512,691
Adjustments for:		
Depreciation	<u>99,671</u>	<u>96,732</u>
Operating profit before working capital changes	810,739	609,423
Adjustments for changes in working capital:		
- (increase)/decrease in Sundry Debtors	173,652	181,114
- (increase)/decrease in Loans and Advances	280,501	(246,260)
- (increase)/decrease in Inventories	(1,301,957)	347,172
- (decrease)/increase in Trade and Other Payables	<u>695,647</u>	<u>(5,433,846)</u>
Cash generated from operations	<u>(152,157)</u>	<u>(5,151,820)</u>
Net cash from operating activities	<u>658,582</u>	<u>(4,542,397)</u>
B. <u>Cash flow from Investing activities:</u>		
Purchase of fixed assets	(431,557)	(72,013)
Proceeds from sale of property, plant and equipment	2,608	508
Purchase of other intangible assets	<u>(14,492)</u>	<u>(17,973)</u>
Net cash used in investing activities	<u>(443,441)</u>	<u>(89,478)</u>
C. <u>Cash flows from financing activities:</u>		
Proceeds from issue of shares	-	<u>2,964,008</u>
Net cash from financing activities	-	<u>2,964,008</u>
Legal Reserves		
Net Increase/(Decrease) in Cash & Cash Equivalents	<u>215,141</u>	<u>(1,667,867)</u>
Cash and cash equivalents at the beginning of the year	2,458,054	4,125,921
Cash and cash equivalents as the end of the year	<u>2,673,195</u>	<u>2,458,054</u>
Cash and cash equivalents comprise		
Cash	1,500	1,500
Balance with Scheduled Banks	2,611,196	2,395,339
Balance with Non-scheduled Banks	<u>60,499</u>	<u>61,215</u>
	<u>2,673,195</u>	<u>2,458,054</u>

II. NOTES OF FINANCIAL INFORMATION

1. GENERAL INFORMATION

GLENMARK PHARMACEUTICAL PERU S.A., subsidiary of Glenmark Pharmaceuticals Ltd. (hereinafter the Company), starting its operations on July 24, 2008 in the city of Lima, Peru. The company is focused on developing and marketing medicinal formulations and business extends through geographic areas mainly in the US, India, Europe, Latin America among other countries.

The objective of the Company is to manufacture specialized products in therapeutic areas of Dermatology, Pneumology and Oncology.

The Company is identified with RUC No. 20492084728 and is under the scope of Law N°. 29459 - Law of Pharmaceutical Products, Medical Devices and Sanitary Products.

2. RECOVERY PLAN

Since the financial statements 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, because of the aforementioned strategy. 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 5.5 million. dollars, generating profits in the coming periods.

3. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in conformity with International Financial Reporting Standards.

4. MAIN ACCOUNTING POLICIES

a) **Fixed Assets and depreciation**

Fixed Assets are started at cost less accumulated depreciation. The Company capitalizes all cost relating to the acquisition and installation of fixed assets. Exchange differences relating to the acquisition of fixed assets are adjusted in the cost of the assets.

The Company has estimated the useful life of its assets as follows:

	Estimated useful life <u>(years)</u>	Percentage <u>(annual)</u>
Plant and machinery		
Vehicles	5	20%
Furniture and fixtures	10	10%
Other buildings & premises	33	3%
Computer equipment	4	25%
Brands		
Product development	10	10%

Leasehold land is amortized over the period of lease

b) Foreign currency transaction

Foreign currency transaction during the year are recorded at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities are translated into soles at the exchange rates prevailing on the date of the balance sheet. All exchange differences are deal with in the statement of profit and loss, except those relating to the acquisition of fixed assets, which are adjusted in the cost of the respective fixed assets.

c) Investments

Long term investments are started at cost. Provision, where necessary, is made to recognize a decline, other than temporary, in the value of the investment.

d) Inventories

Inventories are presented to the lower value cost and its net realizable value inventories are valued based on the average cost method according to the purchase values at the suppliers, which does not exceed the realizable value, after the provision for obsolescence of inventory suppliers and materials.

e) Employee benefits

Retirement benefits to employees comprise payments towards gratuity, superannuation and provident fund under the scheme of the Company and encashment of leave. Annual contributions to the superannuation and provident funds are charged to the statement of income.

f) Revenue recognition

The company recognizes revenue on dispatch of goods to customers. Revenues from services are recognized on completion of such services. Revenue from IP assets/marketing rights is recognized on transfer of ownership/right to use in accordance with the terms of relevant agreements. Revenue from contract research being in the nature of product development activities is recognized as per the terms of the agreement. Revenues are recorded at invoice value, inclusive of exercise duty and sales-tax, but net returns and trade discounts.

g) Research and development

Capital expenditure on research and development is capitalized as fixed assets. Development cost relating to the new and improved product and/or process development is recognized as an intangible asset to the extent that it is expected that such asset will generate future economical benefits. Other research and development cost is expensed as incurred.

h) Income tax

Provision for current income-taxes is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities because of a change in tax rates is recognized in statement of profit and loss using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Prior/ earlier year's income tax is charged to the profit and loss account on payment and the same is disclosed separately.

i) Miscellaneous expenditure

Product launch expenditure

Earlier year's expenditure on launch of new products and their sales promotion is being amortized over a period of three years.

Implementation expenses of enterprise resource planning system

Earlier year's expenditure incurred on payments for infrastructure facilities and expenditure incurred on user license fees for an Enterprise Resource Planning system is being amortized over a period of one hundred thirty-six months.

j) Borrowing cost

Borrowing costs that are attributable to the acquisition and construction of qualifying asset are capitalized as a part of the cost of the asset. Other borrowing cost are recognized as an expense in the year in which they incurred.

k) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication exist, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount is reduced to its recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exist, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

l) Provisions and Contingents liabilities

The Company recognize a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation the likelihood of outflow of resources is remote, n provision or disclosure is made.

m) Subsequent events

Do not exist subsequent events that could affect the financial statements at March 31,2024.

5. TAX SUPPORT MEASURES STATED BY THE PERUVIAN GOVERNMENT AGAINST COVID-19

- a) 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.
- b) 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.

6. DETAILED NOTES TO THE FINANCIAL STATEMENTS

a) **Shareholders' funds**

It comprises the following:

	In Soles		
	<u>Share Capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at March 31, 2023	41,133,332	(35,243,121)	5,890,211
Profit for the year	-	<u>(251,482)</u>	<u>(251,482)</u>
Balance at March 31, 2024	<u>41,133,332</u>	<u>(35,494,603)</u>	<u>5,638,729</u>

b) **Deferred Tax Assets**

It comprises the following:

		In Soles		
		<u>At 31.03.2023</u>	Recognized in <u>PL Statement</u>	<u>At 31.03.2024</u>
Loss Provision	(i)	968,977	(968,977)	-
Temporary accounts		<u>44,584</u>	<u>6,427</u>	<u>51,011</u>
		<u>1,013,561</u>	<u>(962,550)</u>	<u>51,011</u>

(i) Based on current year tax loss and past years carry forward tax losses, aggregating to S/ 5,399,648 (S/ 9,684,107 in 2023), the company could have created deferred tax assets amounting to S/ 732,977 (S/ 968,977 in 2023) prevailing tax rate of 29.50%. However, the company has only recognised an amount of S/ 0.00 in 2024 (S/ 968,977 in 2023) as deferred tax asset.

c) Current liabilities

It comprises the following:

	In Soles	
	01.04.2023 - 31.03.2024	01.04.2022 - 31.03.2023
Glenmark Pharmaceuticals LTD India	1,220,433	375,679
Glenmark Pharmaceuticals LTD Suiza	-	248,767
Other Liabilities	<u>397,943</u>	<u>559,474</u>
	<u>1,618,376</u>	<u>1,183,920</u>

d) Sales & Operating Income

It comprises the following:

	In Soles	
	01.04.2023 - 31.03.2024	01.04.2022 - 31.03.2023
Third party Sale	9,340,958	9,091,149
Discount	<u>(255,523)</u>	<u>(291,849)</u>
	<u>9,085,435</u>	<u>8,799,300</u>

e) Selling and operating expenses

It comprises the following:

	In Soles	
	01.04.2023 - 31.03.2024	01.04.2022 - 31.03.2023
Salary and allowances	1,953,844	1,987,468
Contribution to pension and other employee benefits	110,392	91,951
Incentive and commission	286,739	324,450
Sales promotion expenses	514,262	764,967
Other operating expenses	1,413,672	1,236,742
Other minor expenses	<u>1,110,405</u>	<u>1,039,510</u>
	<u>5,389,314</u>	<u>5,445,088</u>