Glenmark Pharmaceuticals South Africa Proprietary Limited
(Registration number 2001/020429/07)
Annual Financial statements
for the year ended 31 March 2024

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Manufacturing and distribution of pharmaceutical products
Directors	Dr A Chopra SS Kazi
Registered office	Second Floor Building D Stone Ridge Office Park 8 Greenstone Place Edenvale 1609
Business address	Second Floor Building D Stone Ridge Office Park 8 Greenstone Place Edenvale 1609
Holding company	Glenmark South Africa Proprietary Limited incorporated in South Africa
Ultimate holding company	Glenmark pharmaceuticals Limited incorporated in India
Banker	Standard Bank
Auditor	Mazars
Company registration number	2001/020429/07
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Company's Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: AF Naberman Chartered Accountant (SA)
Issued	30 May 2024

Directors' Responsibilities and Approval

The directors are required in terms of the Company's Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS"), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2025 and, in light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and his report is presented on pages 4 - 6.

The annual financial statements set out on pages 9 - 50, which have been prepared on the going concern basis, were approved by the board of directors on 30 May 2024 and were signed on their behalf by:

Approval of financial statements

Dr A Chopra	**SS Kazi**

Glenmark Pharmaceuticals South Africa (pty) Ltd
Reg No: 2001/020429/07

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Glenmark Pharmaceuticals South Africa Proprietary Limited for the year ended 31 March 2024.

1. Incorporation

The company was incorporated on 28 August 2001 and obtained its certificate to commence business on the same day.

2. Nature of business

Glenmark Pharmaceuticals South Africa Proprietary Limited was incorporated in South Africa and is engaged in the manufacturing and distribution of pharamceutical products. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

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

4. Share capital

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

5. Dividends

No dividends were declared or paid to the shareholder during the year under review.

6. Directorate

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

Directors	Nationality
Dr A Chopra	Indian
KA Hazari	Indian
SS Kazi	Indian

7. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

8. Holding company

The company's holding company is Glenmark South Africa Proprietary Limited which holds 100% (2023: 100%) of the company's equity. Glenmark South Africa Proprietary Limited is incorporated in South Africa.

9. Ultimate holding company

The company's ultimate holding company is Glenmark pharmaceuticals Limited which is incorporated in India.

10. Events after the reporting period

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

11. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Directors' Report

12. Auditor

Mazars continued in office as auditor for the company for 2024.

The annual financial statements set out on pages 10 to 37, which have been prepared on the going concern basis, were approved by the board of directors on 30 May 2024.

Glenmark Pharmaceuticals South Africa Proprietary Limited

(Registration number 2001/020429/07)
Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

Figures in Rand	Notes	2024	2023
Assets			
Current Assets			
Inventories	3	46.595.148	38.515.439
Trade and other receivables	4	103.498.816	95.454.905
Current tax receivable		1.255.242	543.631
Cash and cash equivalents	5	40.750.273	29.159.359
		192.099.479	**163.673.334**
Non-Current Assets			
Property, plant and equipment	6	331.919	359.422
Right-of-use asset	7	4.574.336	5.199.500
Intangible assets	8	11.339.511	9.833.893
Deferred tax	9	440.161	11.069.930
		16.685.927	**26.462.745**
Total Assets		**208.785.406**	**190.136.079**
Equity and Liabilities			
Liabilities			
Current Liabilities			
Trade and other payables	10	135.851.820	121.118.310
Lease liabilities	11	810.039	745.785
		136.661.859	**121.864.095**
Non-Current Liabilities			
Lease liabilities	11	4.827.291	5.230.424
Total Liabilities		**141.489.150**	**127.094.519**
Equity			
Share capital	12	4.800.400	4.800.400
Reserves	13	94.500.000	94.500.000
Accumulated loss		(32.004.144)	(36.258.840)
		67.296.256	**63.041.560**
Total Equity and Liabilities		**208.785.406**	**190.136.079**

Glenmark Pharmaceuticals South Africa Proprietary Limited

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Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	2024	2023
Revenue	14	300.458.988	262.851.961
Cost of sales	15	(173.022.303)	(144.734.232)
Gross profit		**127.436.685**	**118.117.729**
Other operating losses	16	(6.322.576)	(13.338.895)
Other operating expenses	16	(105.376.207)	(98.442.416)
Operating profit		**15.737.902**	**6.336.418**
Investment income	18	406.309	214.177
Finance costs	19	(433.476)	(456.434)
Profit before taxation		**15.710.735**	**6.094.161**
Taxation	20	(11.456.037)	(2.300.719)
Total comprehensive income for the year		**4.254.698**	**3.793.442**

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Glenmark Pharmaceuticals South Africa Proprietary Limited

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Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Loan from parent	Accumulated loss	Total equity
Balance at 1 April 2022	**500**	**4.799.900**	**4.800.400**	**94.500.000**	**(40.052.282)**	**59.248.118**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**3.793.442**	**3.793.442**
Balance at 1 April 2023	**500**	**4.799.900**	**4.800.400**	**94.500.000**	**(36.258.842)**	**63.041.558**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**4.254.698**	**4.254.698**
Balance at 31 March 2024	**500**	**4.799.900**	**4.800.400**	**94.500.000**	**(32.004.144)**	**67.296.256**
Note	12	12	12	13		

Statement of Cash Flows

Figures in Rand	Notes	2024	2023
Cash flows from operating activities			
Cash generated from operations	21	15.094.295	12.815.692
Interest income		406.309	214.177
Finance costs		-	(1.203)
Tax paid	22	(1.537.879)	(905.386)
Net cash from operating activities		**13.962.725**	**12.123.280**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(93.837)	(2.652.488)
Purchase of intangible assets	8	(1.505.618)	(837.099)
Net cash used in investing activities		**(1.599.455)**	**(1.072.246)**
Cash flows from financing activities			
Lease payments		(772.356)	(718.471)
Total cash and cash equivalents movement for the year		**11.590.914**	**10.332.563**
Cash and cash equivalents at the beginning of the year		29.159.359	18.826.796
Total cash and cash equivalents at end of the year	5	**40.750.273**	**29.159.359**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and the Financial Reporting Guides as issued by the Financial Reporting Standards Committee and the Company's Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

These accounting policies are consistent with the previous period apart from the application of new standards and interpretations that became effective during the year under review.

1.2 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Key sources of estimation uncertainty

Impairment of financial assets

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

Allowance for slow moving, damaged and obsolete inventory

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

Impairment testing

The company reviews and tests the carrying value of Property, plant and equipment, Right of use assets and Intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

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

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

1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

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

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Furniture and fittings	Straight line	5 years
Office equipment	Straight line	5 years
Computer software	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Accounting Policies

1.4 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Intangible assets acquired seperately are measured on initial recognition at cost and following initial recognition.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

The residual value, useful life and amortisation method of intangible assets are reviewed at the end of each reporting year. If the expectation differ from previous estimates, the charge is accounted for prospectively as a change in accounting estimate.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Gains and losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset as recognised in profit or loss on deregconition.

Amortisation is provided to write down the intangible assets, on a straight line basis as follows:

Item	**Useful life**
Intelectual property rights purchased (Covarex)	Indefinite
Intelectual property rights purchased (Methylpredrisolone)	Indefinite
Intelectual property rights purchased (Molucide)	Indefinite

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:
- Amortised cost.
- Designated at fair value through profit or loss.

Financial liabilities:
- Amortised cost.

Note 25 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

Accounting Policies

1.5 Financial instruments (continued)

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any except for trade receivables which are measured at transaction prices determined under IFRS 15.

They are subsequently measured at amortised cost.

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

Trade and other receivables expose the company to credit risk. Refer to note 32 for details of risk exposure and management thereof

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating losses (note 21).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other receivables (note 9)

Impairment

The company recognise a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updted at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable

There is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Accounting Policies

1.5 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 10), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

They are subsequently measured at amortised cost using the effective interest method.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 25 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating losses (note 16).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other payables note (note 10).

Cash and cash equivalents

Cash refers to cash on hand and demand deposits with banks and other financial institutions.

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant changes in value.

Cash and cash equivalents are subsequently measured at amortised cost.

Cash and cash equivalents expose the company to credit risk. Refer to note 29 for details of risk exposure and management thereof.

Derecognition

Financial assets

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

Financial liabilities

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

Accounting Policies

1.6 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are a legally enforceable right and being offset against each other.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

1.7 Leases

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

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the entity should assess whether:

- The contract involves the use of an identified asset;
- The right to obtain the economic benefits from the use of the asset throughout the period of use: and
- The entity has the right to direct the use of the asset. The entity has the right when it has the decision-making that are most relevant to changing how and for what purpose the asset is used.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has conducted that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of the asset as well as the right to direct the use of the asset.

Accounting Policies

1.7 Leases (continued)

Company as lessee

The entity recognises right-of-use assets and liabilities for all leases except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets with an underlying asset value of R5,000.

Lease liabilities are measured at the present value of the remaining lease payments, discounted at the entity's incremental borrowing rate. Right-of-use assets are initially measured at amounts equal to the value of lease liabilities.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 11).

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 19).

Right-of-use assets

Right-of-use assets comprise the initial measurement of the corresponding lease laibility, lease payments made at or before the commencement date and any initial direct cost.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

The depreciation charge for each year is recognised in profit or loss.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

Accounting Policies

1.8 Inventories (continued)

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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

1.9 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

Loans from the parent company which are repayable at the discretion of the subsidiary are classified as equity.

Accounting Policies

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.12 Revenue from contracts with customers

The company recognises revenue from the following major sources:

- Sales of pharmaceutical products.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Consideration payable to a customer is treated as a reduction in revenue unless the payment to the customer is in exchange for a distinct goods or service. Logistic fees, advertising and marketing allowances and other related allowances payable to customers are offset against revenue. The company recognises revenue when it transfers control of a product or service to a customer.

No element of financing is deemed present as the sales are not made on extended credit terms (not greater than 12 months).

Sale of goods - pharmaceutical products

The company sells pharmaceuical products to leading wholesale and retail pharmacies in South Africa.

Revenue is recognised when control of the goods have been transferred, being at the point where the customer takes possession of the pharmaceutical products.

Interest is recognised in profit and loss, using the effective interest method.

1.13 Cost of sales

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

1.14 Borrowing costs

Borrowing costs recognised as an expense in the period in which they are incurred.

Accounting Policies

1.15 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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

1.16 Related parties

A related party is related to an entity if any of the following situations apply to it:
- Individual control: The party is controlled or significantly influenced by a member of key management personnel a person who controls the entity
- Key management: The party is a member of an entity or it's parents key management personnel

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

There were no new standards nor amendments to standards and interpretations applicable for the first time during the year under review which had a material impact on the financial statements.

2.2 Standards and interpretations not yet effective

There are no new standards and interpretations not yet effective that will have a material effect on the entity.

3. Inventories

	2024	2023
Pharmaceutical products	46.595.148	38.515.439

4. Trade and other receivables

	2024	2023
Financial instruments:		
Trade receivables	101.673.405	94.972.802
Deposits	234.738	234.738
Non-financial instruments:		
VAT	1.590.673	-
Prepayments	-	247.365
Total trade and other receivables	**103.498.816**	**95.454.905**

Exposure to credit risk

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

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The company only deals with a small number of large enterprises that have never defaulted on payments. Forward looking information available does not provide any indication that this will change. Accordingly no provision for expected credit losses were recognised.

Trade receivables to the extent of R 1,733,554 - have been provided for as a loss allowance but are subject to collection activity.

Exposure to currency risk

The net carrying amounts, in Rand, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

	2024	2023
Rand Amount		
Rand	101.673.405	94.972.802

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Bank balances	40.750.273	29.159.359

5. Cash and cash equivalents (continued)

All the company's bank accounts are dominated in South African Rand.

6. Property, plant and equipment

	2024			2023		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	-	-	-	95.428	(95.428)	-
Office equipment	690.951	(359.032)	331.919	816.961	(457.539)	359.422
Computer software	-	-	-	23.836	(23.836)	-
Total	**690.951**	**(359.032)**	**331.919**	**936.225**	**(576.803)**	**359.422**

Reconciliation of property, plant and equipment - 2024

	Opening balance	**Additions**	**Depreciation**	**Total**
Office equipment	359.422	93.837	(121.340)	331.919

Reconciliation of property, plant and equipment - 2023

	Opening balance	**Additions**	**Depreciation**	**Total**
Furniture and fixtures	842	-	(842)	-
Office equipment	233.019	235.147	(108.744)	359.422
	233.861	**235.147**	**(109.586)**	**359.422**

7. Right-of-use asset

	2024			2023		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Right-of-use asset	6.289.276	(1.714.940)	4.574.336	6.289.276	(1.089.776)	5.199.500

Reconciliation of right-of-use asset - 2024

	Opening balance	**Depreciation**	**Total**
Right-of-use asset	5.199.500	(625.164)	4.574.336

Reconciliation of right-of-use asset - 2023

	Opening balance	**Depreciation**	**Total**
Right-of-use asset	5.822.961	(623.461)	5.199.500

The right-of-use asset relates to the lease of an office building. The lease term is 10 years (2023 - 10 years)

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

8. Intangible assets

	2024			2023		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Intelectual Property rights purchased (Budesonide)	725.250	-	725.250	-	-	-
Intelectual Property rights purchased (Covarex)	8.500.000	-	8.500.000	8.500.000	-	8.500.000
Intelectual Property rights purchased (Methylprednisolone)	1.123.669	-	1.123.669	1.123.669	-	1.123.669
Intelectual Property Rights purchased (Molucide)	990.592	-	990.592	210.224	-	210.224
Total	**11.339.511**	**-**	**11.339.511**	**9.833.893**	**-**	**9.833.893**

Reconciliation of intangible assets - 2024

	Opening balance	**Additions**	**Total**
Intelectual Property rights purchased (Budesonide)	-	725.250	725.250
Intelectual Property rights purchased (Covarex)	8.500.000	-	8.500.000
Intelectual Property rights purchased (Methylprednisolone)	1.123.669	-	1.123.669
Intelectual Property rights purchased (Molucide)	210.224	780.368	990.592
	9.833.893	**1.505.618**	**11.339.511**

Reconciliation of intangible assets - 2023

	Opening balance	**Additions**	**Total**
Intelectual Property rights purchased (Covarex)	8.500.000	-	8.500.000
Intelectual Property Rights purchased (Methylprednisolone)	496.794	626.875	1.123.669
Intelectual Property rights (Molucide)	-	210.224	210.224
	8.996.794	**837.099**	**9.833.893**

Impairment testing for indefinite usefull life intangible assets

The useful life of the product development cost (Covarex, Methylprednisolone and Molucide) is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period.over which the asset is expected to generate net cash flows for the company.

An impairment assessment is performed on indefinite useful life intangible assets annually, or more frequently if there are indicators that the balance might be impaired. Finite useful life intangible assets are reviewed annually , but only assessed for impairment when there are indicators that the balance might be impaired. Impairment testing is performed by comparing the recoverable amount to the carrying value of the intangible asset.

The recoverable amount of cash generating units are determined as the higher of value in use and fair value less costs to sell.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

8. Intangible assets (continued)

Impairment testing for indefinite usefull life intangible assets (continued)

Value in use

Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management. The estimated future cash flows and discount rates are pre-taxed based on assessment of the current risks applicable to the specific asset and/or entity and country in which it operates or the product is sold.

Management determines the expected performance of the assets based on the following:
- an assessment of products in question against existing market conditions taking into account past performance.

Key assumptions on the impairment test for indefinite useful life assets were as follow:

Product	Carrying value	Period covered by forecast	Average growth in turnover	Pre-tax discount rate applied to cash flows (% per annum)
Covarex	8,500,000	4 years	3%	22%

9. Deferred tax

Deferred tax liability

	2024	2023
Temporary differences IFRS 16 Right-of-use asset	(1.235.066)	(1.403.865)
Temporary difference prepaid expenses	(300.212)	-
Total deferred tax liability	**(1.535.278)**	**(1.403.865)**

Deferred tax asset

	2024	2023
Temporary differences leave pay provision	358.860	328.197
Temporary differences on accruals	94.500	12.813
Temporary difference on IFRS 16 lease liability	1.522.079	1.613.576
Tax loss available for set off against future taxable income	-	10.519.209
Total deferred tax asset, net of valuation allowance recognised	**1.975.439**	**12.473.795**

	2024	2023
Deferred tax liability	(1.535.278)	(1.403.865)
Deferred tax asset	1.975.439	12.473.795
Total net deferred tax asset	**440.161**	**11.069.930**

Recognition of deferred tax asset

Based on the current years' tax loss and past years' carry forward tax losses aggregating to R26,719,032 (2023: R38,960,032), the company could have created a deferred tax asset amounting to R7 214 139 (2023: 0) at the prevailing tax rate of 27%. However, the company has not recognised any deferred tax asset on carry forward losses.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

10. Trade and other payables

Financial instruments:		
Trade payables	132.378.955	117.929.301
Accrued expenses	2.293.869	1.263.000
Non-financial instruments:		
VAT	-	832.420
Payroll liabilities	1.178.996	1.093.589
	135.851.820	**121.118.310**

Exposure to currency risk

The company is exposed to currency risk related to trade payables because certain wholesale transactions are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The currencies in which the company deals primarily is US Dollars.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

The net carrying amounts, in Rand, of trade and other payables are denominated in the following currencies.

Rand Amount		
Rand	29.749.239	23.333.984
US Dollar	96.903.914	85.288.281
Euro	9.198.667	12.496.045
Fair value of Trade and other payables	**135.851.820**	**121.118.310**

The net carrying amounts, in foreign currency of the above exposure was as follows:

Foreign currency amount		
US Dollar	5.141.337	4.791.207
Euro	451.092	645.357
Rand per unit of foreign currency:		
US Dollar	18,848	17,801
Euro	20,392	19,363

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to with regards to trade and other payables. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated trade and other payables and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Company

At 31 March 2024, if the Rand/dollar exchange rate had been 1,000% per annum (2023: 1,000%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R 1,048,838 ; (2023: R 704.047) higher or lower.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
11. Lease liabilities		
Lease liabilities		
Maturity analysis:		
- Within one year	810.039	762.975
- In second to fifth year inclusive	3.796.955	3.565.893
- More than five years	2.699.873	3.740.974
	7.306.867	8.068.832
Less finance charges component	(1.669.537)	(2.092.633)
Present value of minimum lease payments	**5.637.330**	**5.976.199**
- Current liabilities	810.039	745.785
- Non-current liabilities	4.827.291	5.230.414
	5.637.330	**5.976.199**

12. Share capital

	2024	2023
Authorised		
1,000 Ordinary shares of R1 each	1.000	1.000
Issued		
500 Ordinary shares of R1 each	500	500
Share premium	4.799.900	4.799.900
	4.800.400	**4.800.400**

13. Loan from parent

	2024	2023
Glenmark South Africa Proprietary Limited	94.500.000	94.500.000

The loan is unsecured, bears no interest and is repayable at the discretion of the subsidiary.

14. Revenue

	2024	2023
Revenue from contracts with customers		
Sale of goods - pharmaceutical products	300.458.988	262.851.961

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

14. Contract liabilities (continued)

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Sale of goods		
Sale of goods - pharmaceutical products	483.302.280	436.520.834
Amounts payable to customer - distribution fees, logistic fees and other allowances	(182.842.292)	(173.668.873)
	300.459.988	**262.851.961**

Timing of revenue recognition

At a point in time		
Sale of goods pharmaceutical products	483.302.280	436.520.834
Amounts payable to customers - distribution fees, logistic fees and other allowances	(182.843.292)	(173.668.873)
	300.458.988	**262.851.961**

15. Cost of sales

Sale of goods	165.871.109	137.094.930
Freight charges	7.151.194	7.090.964
Expired products	-	548.338

16. Other operating losses

Foreign exchange losses		
Net foreign exchange loss	(6.322.576)	(13.338.895)

17. Other operating expenses

Auditor's remuneration - external		
Statutory and quality related audit fees	820.730	417.518
Remuneration, other than to employees		
Professional services	4.259.224	3.576.218
Depreciation and amortisation		
Depreciation of property, plant and equipment	121.340	109.586
Depreciation of right-of-use assets	625.164	623.462
Total depreciation and amortisation	**746.504**	**733.048**
Other		
Advertising	21.483.175	25.495.664
Distribution cost	10.419.566	6.358.771
Drug registration fees	3.964.405	3.209.286
Promotions	15.547.036	13.504.736

18. Investment income

Interest income		
Bank and other cash	406.309	214.177

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

19. Finance costs

Lease liabilities under IFRS 16	433.476	455.231
Other Interest paid	-	1.203
Total finance costs	**433.476**	**456.434**

20. Taxation

Major components of the tax expense

Current		
Local income tax - current period	826.268	361.755
Deferred		
Originating and reversing temporary differences	10.629.769	1.938.964
	11.456.037	**2.300.719**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	15.710.735	6.094.161
Tax at the applicable tax rate of 27% (2023: 27%)	4.241.898	1.645.423
Tax effect of adjustments on taxable income		
Change in tax rates	-	655.296
Tax losses not carried forward	7.214.139	-
	11.456.037	**2.300.719**

21. Cash generated from operations

Profit before taxation	15.710.735	6.094.161
Adjustments for:		
Depreciation and amortisation	746.504	733.048
Interest income	(406.309)	(214.177)
Finance costs	433.476	456.434
Changes in working capital:		
Inventories	(8.079.709)	(8.487.541)
Trade and other receivables	(8.043.911)	(24.924.695)
Trade and other payables	14.733.509	39.158.462
	15.094.295	**12.815.692**

22. Tax paid

Balance at beginning of the year	543.631	-
Current tax for the year recognised in profit or loss	(826.268)	(361.755)
Balance at end of the year	(1.255.242)	(543.631)
	(1.537.879)	**(905.386)**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

23. Related parties

Relationships

Ultimate holding company	Glenmark Pharmaceuticals Limited
Holding company	Glenmark South Africa Proprietary Limited
Fellow subsidiaries	Glenmark Pharmaceuticals Kenya Proprietary Limited Glenmark Specialities SA

Related party balances

	2024	2023
Loan accounts - Owing to related parties		
Glenmark South Africa Proprietary Limited	94.500.000	94.500.000
Amounts included in Trade receivable regarding related parties		
Glenmark Pharmaceuticals Kenya Proprietary Limited	394.821	394.821
Amounts included in Trade payable regrading related parties		
Glenmark Pharmaceuticlas Limited	88.988.113	55.890.138
Glenmark Specialities SA	6.339.940	26.683.077

Related party transactions

	2024	2023
Sales to related parties		
Glenmark Pharmaceuticals Kenya Proprietary Limited	891.405	350.429
Purchases from related parties		
Glemark Pharmaceuticals Limited	91.169.884	55.890.138
Glenmark Specialities SA	6.570.815	38.697.928

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

24. Directors' and prescribed officer' 'emoluments

Compensation paid to key management:

Prescribed officers

2024

	Emoluments	Total
For services rendered	3.836.746	3.836.746
	3.836.746	**3.836.746**

2023

	Emoluments	Total
For services rendered	3.869.648	3.869.648
	3.869.648	**3.869.648**

Prescribed officers are involved in the strategic and operational processes of the company.

No emoluments were paid to the directors of the company .

25. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2024

	Notes	Amortised cost	Total
Trade and other receivables	4	101.908.143	101.908.143
Cash and cash equivalents	5	40.750.273	40.750.273
		142.658.416	**142.658.416**

2023

	Notes	Amortised cost	Total
Trade and other receivables	4	95.207.540	95.207.540
Cash and cash equivalents	5	29.159.359	29.159.359
		124.366.899	**124.366.899**

Notes to the Annual Financial Statements

25. Financial instruments and risk management (continued)

Categories of financial liabilities

2024

	Notes	Amortised cost	Total
Trade and other payables	10	134.672.824	134.672.824

2023

	Notes	Amortised cost	Total
Trade and other payables	10	119.192.304	119.192.304

Capital risk management

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

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

Financial risk management

Overview

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

- Credit risk;
- Liquidity risk; and
- Currency risk.

The directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

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

The company is exposed to credit risk on investments at fair value, trade and other receivables and cash and cash equivalents.

25. Financial instruments and risk management (continued)

Financial risk management (continued)

Credit risk (continued)

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well-established financial institutions with high credit ratings.

Credit risk is assessed as low. When determining the risk of default, management consider information such as payment history to date, industry in which the customer is operating, period for which the customer has been in business, external credit references etc. Trade receivables and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

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

		2024			2023		
	Notes	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Trade and other receivables	4	101.908.143	-	101.908.143	95.207.540	-	95.207.540
Cash and cash equivalents	5	40.750.273	-	40.750.273	29.159.359	-	29.159.359
		142.658.416	**-**	**142.658.416**	**124.366.899**	**-**	**124.366.899**

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented.

Refer to the notes specific to the exposures in the table above, for additional information concerning credit risk.

Liquidity risk

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

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

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

25. Financial instruments and risk management (continued)

Liquidity risk (continued)

The maturity profile of contractual cash flows of non-derivative financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

2024

	Notes	Less than 1 year	2 to 5 years	Over 5 years	Total
Non-current liabilities					
Finance lease liabilities		-	3.796.955	2.699.873	6.496.828
Current liabilities					
Trade and other payables	15	134.672.824	-	-	134.672.824
Finance leaase liabilities	10	810.039	-	-	810.039
		(135.482.863)	**(3.796.955)**	**(2.699.873)**	**(141.979.691)**

2023

		Less than 1 year	2 to 5 years	Over 5 years	Total
Non-current liabilities					
Finance lease liabilities		-	3.565.893	3.740.974	7.306.867
Current liabilities					
Trade and other payables	10	119.192.304	-	-	119.192.304
Finance lease liabilities		761.975	-	-	761.975
		(119.954.279)	**(3.565.893)**	**(3.740.974)**	**(127.261.146)**

26. Going concern

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

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The director directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

27. Events after the reporting period

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

Detailed Income Statement

Figures in Rand	Notes	2024	2023
Revenue	14	**300.458.988**	**262.851.961**
Cost of sales	15	**(173.022.303)**	**(144.734.232)**
Gross profit		**127.436.685**	**118.117.729**
Other operating gains (losses)			
Foreign exchange losses		(6.322.576)	(13.338.895)
Other operating expenses			
Advertising		(21.483.175)	(25.495.664)
Auditor's remuneration - external audit	17	(820.730)	(417.518)
Bad debts		(416.000)	-
Bank charges		(143.384)	(155.182)
Computer expenses		(382.591)	(199.394)
Depreciation		(121.340)	(109.586)
Depreciation on right-of-use assets		(625.164)	(623.462)
Distribution costs		(10.419.566)	(6.358.771)
Drug registration fee		(3.964.405)	(3.209.286)
Employee costs		(38.639.642)	(37.730.600)
Insurance		(146.205)	(145.496)
Motor vehicle expenses		(2.514.926)	(2.350.598)
Origination and agency cost		(47.631)	(35.355)
Postage and courier		(392.444)	(278.932)
Professional fees		(4.259.224)	(3.576.218)
Promotions		(15.547.036)	(13.504.736)
Recruitement		(966.858)	(460.199)
Repairs and maintenance		(180.024)	(141.751)
Royalties and license fees		(157.283)	(154.558)
Security		-	(1.144)
Staff welfare		(872.513)	(880.059)
Sundry staff expenses		(216.730)	(205.200)
Telephone and fax		(508.428)	(382.565)
Training		3.634	-
Transport and freight		(27.761)	-
Travel - local		(1.862.811)	(1.346.040)
Travel - overseas		(205.090)	(219.868)
Utilities		(174.476)	(183.280)
		(105.091.803)	**(98.165.462)**
Operating profit	17	**16.022.306**	**6.613.372**
Investment income	18	406.309	214.177
Finance costs	19	(433.476)	(456.434)
Profit before taxation		**15.995.139**	**6.371.115**
Taxation	20	(11.456.037)	(2.300.719)
Total comprehensive income for the year		**4.539.102**	**4.070.396**

The supplementary information presented does not form part of the annual financial statements and is unaudited