

**Alembic Pharmaceuticals Chile SpA
ANNUAL REPORT**

31 March 2023

Alembic Pharmaceuticals Chile SpA

Annual Report

31 March 2023

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Independent Auditors' Report

To the President, Directors, and Shareholders of:
Alembic Farmaceuticas Chile SpA

We have audited the attached financial statements of Alembic Farmaceuticas Chile SpA, which comprise the statement of financial position as of March 31, 2023, the related statements of comprehensive income, changes in equity, and cash flows for the period from July 13, 2022, to March 31, 2023, and the related notes to the financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes the design, implementation, and maintenance of relevant internal control for the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the entity's relevant internal control for the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the entity's management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alembic Pharmaceuticas Chile SpA as of March 31, 2023, and the results of its operations and cash flows for the period from July 13, 2022, to March 31, 2023, in accordance with International Financial Reporting Standards (IFRS).

Santiago, Chile
April 24, 2023



Jaime Goñi Garrido
Partner

Alembic Pharmaceuticals Chile SpA

Statements of financial position for the year ended 31 March 2023

		31.03.2023
	Note	\$
ASSETS		
Current assets		
Cash at bank	4	5.617.650
Trade and other receivables	5	26.033.504
		<u>31.651.154</u>
Non Current assets		
Property, Plant, and Equipment	6	8.237.975
Deferred tax assets	7	100.112.138
Total assets		<u>140.001.267</u>
EQUITY		
Capital and reserves		
Share capital	8	291.692.059
Current Year Result		(261.251.385)
Accumulated Loss		-
Total equity		<u>30.440.674</u>
LIABILITIES		
Current liabilities		
Trade and other payables	9	109.560.593
		<u>109.560.593</u>
Total equity and liabilities		<u>140.001.267</u>

Alembic Pharmaceuticals Chile SpA

Statement of profit or loss
for the period between July 13, 2022, and March 31, 2023.

ALEMBIC PHARMACEUTICALS CHILE SpA

Statement of profit or loss
as at 31 March 2023

	Note	31.03.2023 \$
Operating Income		
Sales		-
Operating Income		-
Costs		
Cost of Goods Sold		-
Gross Profit		-
Selling and administrative expenses	10	(359.672.446)
Operational result		(359.672.446)
Earnings Before Interest, Taxes, Depreciation, and Amortization		(359.672.446)
Non-operating income or loss	11	(1.662.296)
Profit (loss), before tax		
Income tax expense	12	100.083.357
Profit (loss)		(261.251.385)

Alembic Pharmaceuticals Chile SpA

Statement of changes in equity
for the period between July 13, 2022, and March 31, 2023.

	Share capital \$	Acumulated result \$	Total equity \$
At July 13, 2022	291.692.059	-	291.692.059
Loss for the year	-	(261.251.385)	(261.251.385)
As at 31 March 2023	291.692.059	(261.251.385)	30.440.674

Alembic Pharmaceuticals Chile SpA

Statement of cash flows

for the period between July 13, 2022, and March 31, 2023.

	Note	31.03.2023 \$
Cash flows from operating activities		
Profit / loss		(261.251.385)
Non-monetary adjustments		
Vacation provision		10.136.068
Deferred tax		(100.083.357)
Working capital changes:		
Change in trade and other receivables		(26.062.285)
Change in trade and other payables		99.424.525
<i>Net cash generated from operating activities</i>		(277.836.434)
Cash Flow from financial Activites		
Capital contributions		291.692.059
<i>Net cash generated from financial activities</i>		291.692.059
Cash Flow from Investing Activites		
Purchase of PPE		(8.237.975)
<i>Net cash generated from investing activities</i>		(8.237.975)
Net movement in cash and cash equivalents		5.617.650
Cash and cash equivalents at beginning of year		-
Cash and cash equivalent at end of year	4	5.617.650

Alembic Pharmaceuticals Chile SpA

Notes to the financial statements for the year ended 31 March 2023

Principal activities and incorporation

The company was incorporated on 13 July 2022. These financial statements are being prepared for the year ended 31 March 2023. The company intends to deal in various pharmaceuticals products.

1. Significant accounting policies

Significant accounting policies adopted in preparing these financial statements are described below.

As required by IFRS, these accounting policies have been designed based on the IFRS applicable.

1.1 Basis of preparation

The accompanying financial statements for the year ended March 31, 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

In preparing these financial statements management has used its best understanding of IFRS, their interpretation and the facts and circumstances that are in effect on the date of its preparation.

In accordance with IFRS, certain estimates and accounting criteria are required for preparing the accompanying financial statements. In addition, is required to exercise judgment in applying such accounting policies. The areas requiring a greater level of judgment or complexity, or where estimates are significant for disclosed accounts, are disclosed in the Note on “Responsibility for the Information, Estimate, and Accounting Criteria”.

The general criteria used for the accounting valuation of its assets and liabilities is cost, except for certain financial assets that are carried at fair value.

The Entity has evaluated the going concern hypothesis that requires IAS 1, Presentation of financial statements, to apply IFRS. That evaluation, it is verified that there are no elements that suggest non-compliance with the aforementioned going concern hypothesis, in the terms described in the aforementioned standard.

1.2 Accounting Periods

The accompanying financial statements comprise the following periods:

- Statements of financial position as of March 31, 2023.
- Statements of comprehensive income by function for the period from July 13, 2022 to March 31, 2023.
- Statements of changes in equity for the period from July 13, 2022 to March 31, 2023
- Statements of cash flows using indirect method for the period from July 13, 2022 to March 31, 2023.

Since Company was incorporated in the current financial year, comparative figures for previous year is not presented.

1.3 Basis of presentation

The accompanying financial statements are presented in thousands of Chilean pesos, as this is the presentation currency of the Company.

Alembic Pharmaceuticals Chile SpA

Notes to the financial statements for the year ended 31 March 2023

In the statement of financial position, assets and liabilities are classified according to their maturities between current, those with maturity not exceeding twelve months and non-current, those whose maturity exceeds twelve months.

In turn, in the statement of comprehensive income expenditures classified by function are presented, identifying depreciation and personnel expenses based on their nature and the cash flow statement is presented using the indirect method.

The statements of comprehensive income, cash flows, and changes in equity show the movements for the periods between July 13, 2022 and March 31, 2023.

1.4 Responsibility for the information and estimates made.

The information contained in the accompanying financial statements is the responsibility of the Company's Management, which expressly states that they are aware of the information contained in the accompanying financial statements and accepts responsibility for the information included herein, as well as the application of the principles and criteria included in the International Financial Reporting Standards (IFRS).

In preparing the accompanying financial statements certain estimates by the Company's Management have been used in order to account for some of the assets, liabilities, revenue, expenses, and commitments recorded herein. Such estimates are based on Management's best knowledge and understanding of the reported amounts, events, or action.

1.5 Revenue recognition

Revenue from the sales of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations.
- The entity can identify each party's rights regarding the goods or services to be transferred.
- The entity can identify the payment terms for the goods or services to be transferred.
- The contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the entity will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

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Notes to the financial statements for the year ended 31 March 2023

1.6 Finance costs

All finance costs are recognized in profit or loss for the period in which they are incurred.

1.7 Income tax and deferred taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The Company determines the tax base and calculates its income tax every year in accordance with the laws in force.

1.8 Property, Plant and Equipment

Items of property, plant and equipment are measured at cost, except for costs periodically maintained, less accumulated depreciation and any accumulated impairment losses. The cost of items of property, plant and equipment includes not only its original purchase price, but also any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

1.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a moving average cost basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.10 Trade creditors

Commercial creditors are regular credit obligations which have no interests. The amounts from commercial creditors denominated in foreign currency are converted into the Entity's functional currency by using the exchange rate valid on the reporting date. Profits or losses due to change in foreign currency are included in Differences of Exchange Rate".

1.11 Bank overdrafts and loans

Interest expenses are recognized on the basis of the effective interest method and are included in financial costs. The amount owed to banks and other financial institutions are presented under other liabilities as current or non-current due.

1.12 Provisions for employee benefits

The expense for employee vacations is recognized by the accrual method. This benefit applies to all staff and is a fixed amount depending on the employee's particular contracts. This benefit is recorded at face value.

Alembic Pharmaceuticals Chile SpA

Notes to the financial statements for the year ended 31 March 2023

1.13 Dividend Distribution Policy

The distribution of dividends to shareholders is recognized as a liability in the period in which the dividends are approved by shareholders or when the corresponding obligation is set according to or laws in force distribution policies established by the Shareholders' Meeting.

1.14 Capital Stock

The capital is represented by registered shares, all in a single series and without nominal value.

1.15 Provisions

Provisions are recognized when there is a current legal or constructive obligation arising from past events, when some payment is deemed necessary to settle the obligation and when the amount of such obligation can be properly estimated.

2. Financial risk management

Financial risks arising from Company's activities are credit risk, liquidity risk and market risk. These risks arise during the normal course of the Company's activities and management handles the exposure to such risks in accordance with the latest policies, mission and vision of the Company.

a) 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 and arises principally from the Company's receivables from customers.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

c) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long-term debt. We are exposed to market risk primarily related to foreign exchange rate risk. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs

Alembic Pharmaceuticals Chile SpA

Notes to the financial statements for the year ended 31 March 2023

a) New accounting pronouncements taking effect during 2023

Standards, Interpretations and Amendments	Date Issued	Effective Date
<p><u>IFRS 17, Insurance Contracts</u></p> <p>This IFRS replaces IFRS 4, which provided entities with a variety of choices to account for insurance contracts, which represented multiple different approaches. This made things complex when comparing entities in the same industry. IFRS 17 solves this problem by requiring that all insurance contracts be accounted for in a consistent manner, which benefits both the investors and insurance companies. Insurance obligations will be accounted for using current values instead of the historical cost. The information will be updated on a regular basis providing users of financial statements with more useful information.</p>	May 2017	Effective for annual periods beginning on or after January 1, 2023. Early adoption permitted for entities that use IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers, before the date of first application of IFRS 17.
<p><u>Disclosure of Accounting Policies</u></p> <p>Amendments to IAS 1 and IFRS Practice Statement 2.</p> <p>These amendments aim to improve accounting policy disclosures and assist users of financial statements in deciding between changes in accounting estimates and changes in accounting policies.</p>	February 2021	Effective for annual periods beginning on or after January 1, 2023. Early application is permitted.
<p><u>Amendments to IAS 12</u></p> <p>Deferred tax related to assets and liabilities arising from a single transaction.</p> <p>The amendments reduce the initial recognition exemption in paragraphs 15 and 24 of IAS 12. Under the proposed amendments, the initial recognition exemption in IAS 12 would not apply to transactions that give rise to equal and offsetting amounts of taxable and deductible temporary differences.</p>	May 2021	Effective for annual periods beginning on or after January 1, 2023. Early application is permitted.

The initial application of these pronouncements has not had significant effects on the entity. The criteria applied in 2023 have not changed from those used in the previous year.

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Notes to the financial statements for the year ended 31 March 2023

b) New accounting pronouncements issued, but not yet effective.

Standards, Interpretations and Amendments	Date Issued	Effective Date
<p><u>Classification of Liabilities as Current or Non-current</u> — Deferral of Effective Date. Amendments to IAS 1.</p> <p>The main issue relates to the conditions to be considered in classifying liabilities as current or non-current. The amendments aim to specify the conditions set out in the original standard.</p>	July 2020	Effective for annual periods beginning on or after January 1, 2024.
<p><u>Amendment to IAS 1 "Presentation of financial Statements"</u> on the classification of liabilities.</p> <p>This amendment specifies that liabilities will be classified as current or non-current depending on the rights in existence at the end of the reporting period. The classification will not be affected by the entity's expectations or the events subsequent to the reporting date (for example, a resignation or the non-compliance with an agreement). The amendment also clarifies what IAS 1 means when referring to the "settlement" of a liability.</p>	2020	Effective for annual periods beginning on or after January 1, 2024.
<p><u>Amendment to IFRS 16 "Leases"</u> In sale and leaseback.</p> <p>The amendment clarifies how an entity is to recognize the right of use of an asset and how is to recognize gains or losses.</p>	2022	Effective for annual periods beginning on or after January 1, 2024.

The General Manager of the Company reported to the Board of Directors on the internal evaluation carried out regarding the possible impacts that the new pronouncements would have on the accounting of the Company. After analysis, the General Manager reported that no foreseeable impacts are expected with the entry into force of the new standards. However, the management will continue to evaluate possible new impacts in the future.

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Notes to the financial statements for the year ended 31 March 2023

ALEMBIC PHARMACEUTICALS CHILE SpA

Schedule to the financial statements for the year ended 31 March 2023

4. Cash at bank

	31.03.2023
	\$
Bank Of Chile	4.433.670
HSBC Bank	1.183.980
Cash at bank	<u>5.617.650</u>

5. Trade and other receivables

	31.03.2023
	\$
Prepaid Expenses	14.636.250
Indirect taxation	11.397.254
	<u>26.033.504</u>

6. Property, Plant, and Equipment

	31.03.2023
	\$
Machinery & Equipment	4.061.442
Equipment and Furniture	4.826.376
Accumulated Depreciation	(649.843)
	<u>8.237.975</u>

7. Deferred tax assets

	31.03.2023
	\$
Provisions for employee benefits, current	2.736.738
Tax loss	97.375.400
	<u>100.112.138</u>

8. Share capital

	31.03.2023
	\$
Authorised share capital	
169 Ordinary shares of CLP 1548 Th each	291.692.059
Issued and fully paid-up share capital	
1000 Ordinary shares of CLP 1548 Th each	<u>291.692.059</u>

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Notes to the financial statements for the year ended 31 March 2023

ALEMBIC PHARMACEUTICALS CHILE SpA

Schedule to the financial statements for the year ended 31 March 2023

	31.03.2023
	\$
Credit Line	76.806.533
Accrued interest payable	493.325
Accounts Payable (A/P)	10.985.750
Taxes and Duties to Pay	7.110.136
Provisions for employee benefits, current	10.136.068
Other financial liabilities, current	4.000.000
Current tax liabilities	28.781
	<u>109.560.593</u>
10. General & Administrative expenses	31.03.2023
	\$
Product Registration Expense	99.091.933
Payroll Taxes and Benefit Expense	156.008.704
Vacation Expenses	10.136.068
Professional Fees	61.481.242
Consulting	11.006.668
Office expenses	11.573.876
Sales Expenses	8.224.631
Other Expenses	2.149.324
Total	<u>359.672.446</u>
11. Non-operating income or loss	31.03.2023
	\$
Financial income	-
Other income (expenses)	142.545
Bank Charges & Fees	1.056.456
Depreciation Expenses	649.843
Currency Correction	(186.548)
Total	<u>1.662.296</u>
12. Income Tax Expense	31.03.2023
	\$
Deferred tax	100.083.357
Total	<u>100.083.357</u>

Alembic Pharmaceuticals Chile SpA

Notes to the financial statements for the year ended 31 March 2023

12. CONTINGENCIES, LAWSUITS, AND OTHERS

As of March 31, 2023, the Company does not have any contingencies or commitments that require disclosure in these financial statements.

13. SIGNIFICANT EVENTS

As of March 31, 2023, and prior to the issuance of these financial statements, the Company has reported that there are no significant events.

14. SUBSEQUENT EVENTS

Between January 1, 2023, and the date of issuance of these financial statements, there are no events that could significantly affect the Company's financial position and/or results.