

SUN PHARMACEUTICAL PERU S.A.C.

Financial Statements

As of December 31^{st.}, 2023 and 2022

Along with the independent auditors' opinion

SUN PHARMACEUTICAL PERU S.A.C.

Financial Statements

As of December 31st., 2023 and 2022

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Independent auditors' report

To the shareholders of:
Sun Pharmaceutical Peru S.A.C.

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Opinion

1. We have audited the accompanying financial statements of Sun Pharmaceutical Peru S.A.C., (a subsidiary of Sun Pharmaceutical Industries Limited, domiciled in Mumbai, India), hereinafter referred to as the Company which comprise the statement of financial position as of December 31st, 2023, and the related statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.
2. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31st, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis of opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs) approved for application in Peru by the Board of Deans of Peruvian Colleges of Public Accountants. Our responsibility under these standards is described in more detail in the *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Company, in accordance with the requirements of the Code of Ethics for Accountants issued by the International Ethics Standards Board (IESBA), together with the ethical requirements in Peru that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics issued by the IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. As shown in the financial statements, the Company has experienced recurring losses from its operations and maintains accumulated losses that are included in the net worth of the statement of financial position for an amount of S/8,612,784 (S/8,833,711 as of December 31st, 2022), and we have not evidenced whether the Management has made an assessment of the Company's ability to continue as a going concern. These facts indicate material evidence that casts significant doubt on the Company's ability to continue as a going concern and therefore may not be able to settle its liabilities in the normal course of business.

Other Matter

5. The financial statements of the Company for the year ended December 31st, 2022 were audited by other independent auditors, who expressed an unqualified opinion in their report dated May 5th, 2023. We were not engaged to audit, review or apply any auditing procedures to those financial statements for the year ended December 31st, 2022 and, accordingly, we express no opinion on the financial statements for that period.

Responsibilities of management and those charged with governance of the Company in connection with the financial statements

6. The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by law for application in Peru, and for such internal control as management determines is relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, matters related to continuity of operations, and using the going concern basis of accounting, unless management intends to liquidate the Company or cease operations or there is no realistic alternative.
8. Those charged with governance of the Company are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit, in accordance with the International Standards on Auditing, approved for application in Peru by the Board of Deans of Public Accountants of Peru, we applied our professional judgment and maintained an attitude of professional skepticism throughout the audit. In addition, we applied our professional judgment and maintained an attitude of professional skepticism throughout the audit:
 - a. We identified and assessed the risks of material misstatement of the financial statements due to fraud or error, designed and performed audit procedures in response to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, deliberate misstatements, intentional misrepresentations, or the override of internal control.
 - b. We obtained an understanding of internal control relevant to the audit 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 Company's internal control.
 - c. We assessed the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- d. We concluded on management's appropriate use of the going concern basis of accounting and, based on the audit evidence obtained, did not identify any material uncertainties related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our audit opinion.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and those charged with governance regarding, among other things, the planned scope and timing of the audit and significant audit findings, as well as any significant deficiencies in internal control that we identify in the course of our work.

We also provide those charged with governance with a statement regarding compliance with applicable ethical requirements related to independence and about all relationships and other matters that could reasonably be expected to affect our independence and, where appropriate, the steps taken to eliminate threats or safeguards in place.

Lima, Peru

May 20th, 2024

Countersigned by:

Navarrete y Asociados Contadores Públicos S.C.

Mario Navarrete Chirito (Partner)
Certified Public Accountant
Registration N° 31092

SUN PHARMACEUTICAL PERU S.A.C.

Statement of financial position

As of December 31st., 2023 and 2022

Assets	Notes	2023 S/	2022 S/	Liabilities and equity	Notes	2023 S/	2022 S/
Current assets				Current liabilities			
Cash and cash equivalents	4	40,049	86,148	Other accounts payable	5	21,240	44,324
				Total current liabilities		<u>21,240</u>	<u>44,324</u>
				Non-current liabilities			
				Accounts payable to related parties	6	8,630,093	8,874,035
				Total liabilities		<u>8,651,333</u>	<u>8,918,359</u>
				Equity	7		
				Capital		1,500	1,500
				Accumulated losses		(8,612,784)	(8,833,711)
				Total equity		<u>(8,611,284)</u>	<u>(8,832,211)</u>
Total assets		<u>40,049</u>	<u>86,148</u>	Total liabilities and equity		<u>40,049</u>	<u>86,148</u>

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

SUN PHARMACEUTICAL PERU S.A.C.

Statement of income and other comprehensive income

For the years ended as of December 31st., 2023 and 2022

	Notes	2023 S/	2022 S/
Revenue		-	-
Cost of sales		-	-
Gross margin		-	-
Administrative expenses		(1,776)	(1,790)
Operating results		(1,776)	(1,790)
Other income (expenses)			
Exchange difference, net	8	243,943	393,511
Other expenses		-	-
Result before income tax		242,167	391,721
Income tax	5	(21,240)	(44,324)
Net result		220,927	347,397

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

SUN PHARMACEUTICAL PERU SAC

Statement of changes in equity

For the year ended December 31st., 2023 and 2022

	Capital S/	Accumulated Losses S/	Total S/
Balances as of January 1 st ., 2022	1,500	(9,181,108)	(9,179,608)
Net result	-	347,397	347,397
Balances as of December 31 st ., 2022	1,500	(8,833,711)	(8,832,211)
Net result	-	220,927	220,927
Balances as of December 31st., 2023	1,500	(8,612,784)	(8,611,284)

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

SUN PHARMACEUTICAL PERU SAC

Statement of cash flows

For the year ended December 31st, 2023 and 2022

	2023	2022
	S/	S/
Operating activities		
Result of the year	220,927	347,397
Exchange difference, net	(243,943)	(393,511)
Others	(23,083)	44,323
Cash and cash equivalents used in operating activities	(46,099)	(1,791)
Investment activities		
Acquisitions of property, plant and equipment	-	-
Acquisition of other assets	-	-
Cash and cash equivalents used in investing activities	-	-
Financing activities		
Contributions from related parties	-	-
Dividends	-	-
Cash and cash equivalents used in financing activities	-	-
Net decrease in cash	(46,099)	(1,791)
Cash and cash equivalents at beginning of the period	86,148	87,939
Cash and cash equivalents at the end of the period	40,049	86,148

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

SUN PHARMACEUTICAL PERU S.A.C.

Notes to the financial statements

For the years ended December 31st., 2023 and 2022

1. Background and economic activity

a. Identification

Sun Pharmaceutical Peru S.A.C., (a subsidiary of Sun Pharmaceutical Industries Limited, domiciled in Mumbai, India), hereinafter referred to as the Company, was incorporated on June 26th., 2004. The legal domicile and administrative offices are located at Republica de Panama Avenue N° 3418, office 1501, San Isidro, Lima, Peru.

The main activity of the company is the commercialization of pharmaceutical products. Within the corporate purpose are included the acts related to the activities described in the preceding paragraphs that contribute to the achievement of its purposes for the fulfillment of the corporate purpose, the company may perform all legal acts and contracts without any restriction or limitation whatsoever.

The activity of SUN PHARMACEUTICAL PERU S.A.C. is governed by the New General Law of Commercial Companies and by the provisions of the articles of incorporation and by-laws and by-laws of incorporation and amendments.

b. Approval of financial statements

The financial statements as of December 31st., 2023 have not been approved by the General Shareholders' Meeting; In Management's opinion, these financial statements will be approved by the General Shareholders' Meeting, without modifications.

2. Summary of significant accounting policies

2.1. Basis of preparation and presentation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and approved for application in Peru by the Peruvian Accounting Standards Board ("CNC" for its acronym in Spanish). The information contained in these financial statements is the responsibility of the Company's Management, which expressly confirms that the criteria and practices of IFRS issued by the IASB and approved for implementation in Peru by the CNC, in effect at the date of the financial statements, have been applied in their preparation.

The Company has prepared its financial statements on a going concern basis. In making its going concern assessment, management has taken into consideration matters that could cause a business interruption. Management has considered all available forward-looking information obtained after the reporting date up to the date of approval and issuance of the accompanying financial statements.

The financial statements have been prepared on a historical cost basis, based on the accounting records maintained by the Company.

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2.2. Use of accounting estimates

The preparation of the financial statements requires management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the current period. The final results may differ from these estimates.

Estimates are continually evaluated and are based on historical experience and other factors. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

2.3. Significant accounting principles and practices

The accounting principles and practices adopted by the Company are as follows:

a. Functional and presentation currency

The Company prepares and presents its financial statements in Soles, which is its functional currency. The functional currency is the currency of the primary economic environment in which an entity operates, that which influences the selling prices of the services it provides, as well as, based on management's assessment, most appropriately reflects the exposure of transactions, among other aspects.

b. Financial instruments

b.1 Financial assets

Recognition and initial measurement

The Company classifies its financial assets in the following measurement categories:

- Measured at fair value (either through other comprehensive income or through profit or loss), and
- Measured at amortized cost.

The classification depends on the Company's business model for the management of its financial assets and whether the contractual terms represent only principal and interest payments.

Upon initial recognition, financial assets are measured at fair value plus, in the case of a financial asset that is not at fair value through profit or loss (FV through profit or loss), transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are recorded in profit or loss.

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Subsequent measurement of debt instruments

The subsequent measurement of debt instruments depends on the business model that the Company has established for the management of the asset and the characteristics of the cash flows derived from the asset. There are three measurement categories with which the Company classifies its debt instruments: (i) assets at amortized cost, (ii) assets at fair value through other comprehensive income and (iii) assets at fair value through profit or loss.

The Company classifies all of its financial assets (debt instruments) as assets at amortized cost, because it holds them with the intention of collecting their contractual cash flows and these cash flows represent only principal and interest payments. Interest income generated by these financial assets is recognized as interest income using the effective interest rate method. Any gain or loss arising from the derecognition of this type of financial asset is recognized directly in income.

The Company evaluates, on a forward-looking basis, expected credit losses associated with debt instruments measured at amortized cost. The methodology applied to determine impairment depends on whether the credit risk of an asset has experienced a significant increase; however, the Company maintains accounts receivable with a maximum period of 30 days.

For accounts receivable from related entities, the Company applies the general approach that requires determining the expected loss in several phases, an initial phase for the twelve-month term, a second phase if a significant increase in the counterparty's credit risk is observed and a third phase if an impairment in the instrument is observed. The Company has not constituted expected loss for these accounts, since it considers that the credit risk is not relevant because it is very short term.

Impairment losses are presented as a separate line item in the statement of comprehensive income.

The Company reclassifies debt instruments when it changes its business model for the management of these assets.

Write-off of accounts

A financial asset (or where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognized when: (i) the rights to receive cash flows from the asset have terminated; (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay all cash flows received immediately in full to a third party under a transfer agreement; and (iii) the Company has transferred substantially all the risks and rewards of the asset or, if it has neither transferred nor retained substantially all the risks and rewards of the asset, control of the asset has been transferred.

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b.2 Financial liabilities

Recognition and initial measurement

The Company classifies its financial liabilities, for measurement purposes, at amortized cost. As an exception, when appropriate, it classifies them to be measured at fair value through profit or loss. Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized when the Company is a party to the contractual arrangements of the instrument. All financial liabilities are initially recognized at fair value less, in the case of financial liabilities carried at amortized cost, incremental costs that are directly attributable to the purchase or issue of the liability.

As of December 31st, 2023, the Company only presents liabilities measured at amortized cost, which include trade accounts payable, sundry accounts payable to related entities and other current liabilities.

Subsequent measurement

After initial recognition, when the effect of the time value of money is material, financial liabilities are measured at amortized cost using the effective interest rate method. The amortized cost is calculated considering any discount or premium on the issue and the costs that are an integral part of the effective interest rate.

Financial liabilities are classified as short-term liabilities unless the Company has the irrevocable right to defer settlement of the obligations for more than twelve months after the date of the financial statements.

Write-off of accounts

A financial liability, or when applicable a part of a financial liability or a part of a group of similar financial liabilities, is derecognized when the obligation specified in the related contract has been paid or cancelled or has expired. When an existing financial liability is replaced by another from the same creditor on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the values of the liabilities is recognized directly in profit or loss.

b.3 Clearing of financial instruments

Financial assets and financial liabilities that are subject to offset are presented net in the statement of financial position only if there is at that time a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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c. **Classification of current and non-current items**

The Company presents assets and liabilities in the statement of financial position classified as current and non-current. An asset is classified as current when the Company:

- Expects to realize the asset or intends to sell or consume it in its normal operating cycle;
- Holds the asset primarily for the purpose of trading;
- Expects to realize the asset within twelve months of the reporting period; or
- The asset is cash or a cash equivalent, unless it is restricted and cannot be exchanged or used to settle a liability, for at least twelve months following the reporting period.

All other assets are classified as non-current.

A liability is classified as current when the Company:

- Expects to settle the liability in its normal operating cycle;
- Holds the liability primarily for trading purposes;
- The liability must be settled within twelve months of the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities in all cases.

d. **Fair value of financial instruments**

The Company measures the fair value of financial instruments measured at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement at fair value is based on the assumption that the transaction to sell the asset or transfer the liability takes place, either:

- In the principal market for the asset or liability, or.
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use in placing a value on the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of non-financial assets takes into consideration the ability of a market participant to generate economic benefits through the highest and best use of the asset, or by selling it to another market participant that would use the asset in the best possible way.

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The Company uses valuation techniques that are appropriate in the circumstances and for which it has sufficient information available to measure at fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair values are determined or disclosed in the financial statements are classified within the fair value hierarchy described below, based on the lowest level of inputs used that are significant to the fair value measurement as a whole:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level of inputs that is significant to the fair value measurement is either directly or indirectly observable.
- Level 3: Valuation techniques by which the lowest level of inputs that is significant to the fair value measurement is not observable.

For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis, the Company determines whether transfers between levels within the hierarchy have occurred by reviewing the categorization at the end of each reporting period.

Management determines the policies and procedures for recurring and non-recurring fair value measurements. At each reporting date, management analyzes movements in the values of assets and liabilities to be measured in accordance with the Company's accounting policies.

For purposes of fair value disclosures, the Company has determined the classes of assets and liabilities based on their nature, characteristics and risks and the level of the fair value hierarchy as explained above.

e. **Cash and cash equivalents**

Cash and cash equivalents considered in the statement of cash flows correspond to funds in current accounts. These accounts are not subject to a significant risk of changes in value. Likewise, the method used for the preparation of the statement of cash flows is the indirect method.

f. **Accounts receivable**

Accounts receivable are non-derivative financial assets whose collections are fixed or determinable, which are not traded in an active market, for which the Company does not intend to sell immediately or in the near future and which have no recovery risks other than credit impairment.

After initial recognition, accounts receivable are carried at amortized cost using the effective interest rate method, less allowance for impairment.

The allowance for doubtful accounts receivable is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the transaction. This allowance is determined based on internal credit and counterparty risk assessments. The allowance for doubtful accounts is charged to income for the year in which it is determined to be necessary. In the opinion of the Company's management, this procedure allows a reasonable estimate of the allowance for doubtful accounts.

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g. Provisions

Provisions are recognized when the Company has a present obligation (whether legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. No provision is recognized for future operating losses.

The amount recognized as a provision corresponds to the best estimate, at the date of the statement of financial position, of the disbursement required to settle the present obligation, taking into consideration the risks and uncertainties surrounding most of the events and circumstances surrounding the valuation of the obligation.

If part or all of the expenditure required to settle the provision is expected to be reimbursed by a third party, the portion receivable is recognized as an asset when its recovery is virtually certain, and the amount of that portion can be reliably determined.

h. Trade accounts payable, accounts payable to related parties and other payables

Trade accounts payable are payment obligations for goods or services acquired from suppliers in the normal course of business and are initially recognized at fair value. There are no significant amounts of purchases that deviate from normal credit terms, for which reason no financial component has been identified in the purchases of goods or services. Trade and other accounts payable are initially recognized at fair value and subsequently remeasured at amortized cost using the effective interest method.

Trade and other accounts payable are classified as current liabilities when payment is due within one year or less. Otherwise, they are presented as non-current liabilities.

i. Contingent liabilities and assets

Contingent liabilities are not recognized in the financial statements, they are only disclosed in a note to the financial statements. When the possibility of an outflow of resources to cover a contingent liability is remote, such disclosure is not required.

Contingent assets are not recognized in the financial statements, they are only disclosed in the notes to the financial statements when it is probable that an inflow of resources will occur.

Items previously treated as contingent liabilities will be recognized in the financial statements in the period in which a change in probabilities occurs, that is, when it is determined that it is probable that an outflow of resources will be required to settle the liability. Items treated as contingent assets will be recognized in the financial statements in the period in which it is determined that an inflow of resources is virtually certain to occur.

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j. Revenue from customer contracts

The Company considers the five-step model to be applied to revenues from ordinary activities from contracts with customers, which include:

- Identification of the customer contract.
- Identification of the performance obligations in the contract.
- Determination of the transaction price.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue from ordinary activities when (or as) the entity satisfies the performance obligations.

The accounting principles set out in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

k. Income tax

Income tax for the period comprises current and deferred income tax and is recognized in profit or loss, except to the extent that it relates to items recognized as other comprehensive income or directly in equity.

Current income tax

Current income tax is calculated based on taxable income determined for tax purposes, which is determined using criteria that differ from the accounting principles used by the Company.

Deferred income tax

The accounting recording of deferred income tax has been made considering the guidelines of IAS 12 - Income Taxes; in this sense, deferred income tax reflects the effects of temporary differences between the balances of assets and liabilities for accounting purposes and those determined for tax purposes.

Deferred assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which these differences are recovered or eliminated.

The measurement of deferred assets and liabilities reflects the tax consequences of the manner in which the Company expects, at the date of the statement of financial position, to recover or settle the value of its assets and liabilities.

Deferred assets and liabilities are recognized regardless of when the temporary differences are expected to be reversed. Deferred assets are recognized when it is probable that sufficient future taxable profit will be available against which the deferred asset can be utilized. At the date of the statement of financial position, the Company's management evaluates unrecognized deferred assets and the balance of recognized deferred assets, recording a previously unrecognized deferred asset to the extent that it is probable that future tax benefits will allow its recovery or reducing a deferred asset to the extent that it is not probable that sufficient future tax benefits will be available to allow part or all of the deferred asset recognized for accounting purposes to be utilized.

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In accordance with IAS 12, the Company determines its income tax based on the income tax rate applicable to its retained earnings, recognizing any additional tax on dividend distributions at the date the liability is recognized.

Uncertain tax treatments

An uncertain tax treatment is any tax treatment applied by an entity for which there is uncertainty as to whether it will be accepted by the taxation authority. The recognition and measurement of current and deferred tax assets and liabilities may be affected in cases where an entity has uncertain tax treatments associated with income taxes, where it is considered that it is probable that the taxation authority will not accept the Company's treatment. The existence of uncertain tax treatments may affect the determination of taxable income or loss, the tax basis of assets and liabilities, tax credits or the tax rates used.

l. Cost and expense recognition

The cost of services corresponds to the cost of executing the projects and is recognized as accrued.

Interest is recognized in proportion to the time elapsed so as to reflect the effective cost of the financial instrument.

Exchange differences corresponding to the adjustment of monetary items represented in foreign currency that are unfavorable to the Company are recognized as a financial expense when the exchange rate fluctuates.

Other expenses are recognized as they accrue.

m. Transactions in foreign currencies

Transactions in foreign currency are considered to be those carried out in a currency other than the functional currency. Transactions in foreign currencies are initially recorded in the functional currency using the exchange rates in effect at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are subsequently adjusted to the functional currency using the exchange rate in effect at the statement of financial position date. Exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates at the statement of financial position date are recognized in the statement of income. Non-monetary assets and liabilities determined in foreign currency are translated to the functional currency at the exchange rate prevailing at the date of the transaction.

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3. International Financial Reporting Standards (IFRS)

- a. IFRS issued and in force in Peru as of December 31st., 2023

The Accounting Standards Board (CNC) through Resolution N° 001-2023-EF/30 issued on March 30th., 2023 approved the amendment to the International Financial Reporting Standard – IAS 1 – Presentation of financial statements and IFRS 16 Leases; through Resolution N° 002-2023-EF/30 issued on June 23rd., 2023 approved the complete set of IFRS 2023 (IFRS, IAS, IFRIC and SIC), which includes the Conceptual Framework for Financial Reporting; likewise, through Resolution N° 004-2023-EF/30 issued on December 5th., 2023, approved the amendment to the International Financial Reporting Standard – IAS 12 – Income tax; IFRS 1 – First time adoption of international financial reporting standards; IAS 7 – Statement of cash flows; IFRS 7 – Financial instruments: Disclosure Information; and IAS 21 – Effects of changes in foreign currency exchange rates.

Likewise, through Resolution N° 003-2022-EF/30, established the technical conditions for companies to adopt full IFRS or IFRS for SMEs.:

- Companies with annual revenues from ordinary activities in excess of 2,300 Tax Units for two consecutive fiscal years must apply the full set of International Financial Reporting Standards (IFRS), otherwise their application is optional.
- Companies with annual revenues from ordinary activities greater than 150 Tax Unit and up to 2,300 Tax Unit must apply the International Financial Reporting Standards for Small and Medium-Sized Companies (IFRS for SMEs). Their application will be optional if: i) annual revenues from ordinary activities above 2,300 Tax Unit show a decrease in revenues for two consecutive fiscal years or; ii) annual revenues from ordinary activities up to 150 Tax Unit until the Accounting Standards Board issues the corresponding accounting standards.

The application of the technical conditions for the use of IFRS and IFRS for SMEs is effective as from 2022.

Certain accounting pronouncements that have become effective as of January 1st., 2023 and, therefore, have been adopted, do not have a significant impact on the Company's results or financial position.

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b. New rules and amendments effective January 1st, 2023

Standard - Description	Validity
<p>IFRS 17 – Insurance contracts</p> <p>Its main objective is to provide greater transparency to users of financial statements about the revenues and costs associated with its insurance activities. It also provides information about the current and future profitability of its insurance activities that was not reflected in IFRS 4 'Insurance Contracts'. This transparency is achieved by measuring long-term insurance contracts using a general measurement model that considers weighted average discounted cash flows, explicit risk adjustments and the calculation of a contractual service margin representing unearned contract profits that are recognized as revenue over the period of insurance contract coverage.</p>	<p>January 1st, 2023</p>
<p>Amendments to IAS 1 - Presentation of Financial Statements</p> <p>It requires entities to disclose their material accounting policies rather than significant accounting policies. The amendments define what is "material accounting policy information", which emphasizes that when considered together with other information included in the financial statements, it can reasonably be expected to influence the decisions that primary users of general-purpose financial statements make based on them; it also explains how to identify when accounting policy information is material. To reinforce the above amendment, the IASB also amended IFRS Statement of Practice No. 2 - Materiality judgments to provide guidance on how to apply the concept of materiality to accounting policy disclosures.</p>	<p>January 1st, 2023</p>
<p>Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors</p> <p>These amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates. This distinction is relevant in that accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events, including the current period.</p>	<p>January 1st, 2023</p>

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Standard - Description	Validity
<p>Amendments to IAS 12 - Income Taxes</p> <p>The amendments require entities to recognize deferred income tax on transactions that, on initial recognition, give rise to equal amounts of temporary differences (taxable and deductible). They will normally apply to transactions such as leases by lessees, and on decommissioning obligations, and will require the recognition of additional deferred income tax assets and liabilities.</p> <p>The amendment should be applied to transactions occurring on or after the beginning of the earliest comparative period presented. In addition, deferred income tax assets (to the extent that it is probable that they can be utilized) and deferred income tax liabilities should be recognized at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: i) right-of-use assets and lease liabilities; and ii) decommissioning, restoration and similar liabilities, and the related amounts recognized as part of the cost of the related assets.</p>	January 1 st , 2023

- c. New standards and amendments effective January 1st, 2024 that have not been early adopted

Standard - Description	Validity
Amendment to IAS 1 "Non-current liabilities with covenants". The amendment aims to improve the information that an entity provides when the payment terms of its liabilities may be deferred depending on compliance with covenants within twelve months after the date of issuance of the financial statements.	Annual periods beginning on January 1 st , 2024
Amendment to IFRS 16 "Leases" on sale and leaseback sales. This amendment explains how an entity should recognize the rights to use the asset and how the gains or losses arising from the sale and leaseback should be recognized in the financial statements.	Annual periods beginning on January 1 st , 2024
Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" on supplier financing arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.	Annual periods beginning on January 1 st , 2024
Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" Absence of convertibility. This amendment affects an entity that has a transaction in a foreign currency that is not convertible into another currency for a specific purpose at the measurement date. A currency is convertible into another currency when there is the possibility of obtaining the other currency (with a normal administrative delay), the transaction is carried out through a market or convertibility mechanism that creates enforceable rights and obligations. This amendment establishes the guidelines to be followed to determine the exchange rate to be used in situations of absence of convertibility as mentioned above. Early adoption is allowed.	Annual periods beginning on January 1 st , 2025

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At the date of these financial statements, several new standards and amendments to existing standards and interpretations have been issued by the International Accounting Standards Board (IASB), but have not yet become effective. None of which have been early adopted by the Company.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations, which have not been adopted in the current year, have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4. Cash and cash equivalents

Composed of:

	2023	2022
	S/	S/
Current accounts	40,049	86,148
	40,049	86,148

The Company maintains its checking accounts in first level local banks, which are denominated in soles and U.S. dollars and are freely available.

5. Other accounts payable

Composed of:

	2023	2022
	S/	S/
Tax payable	21,240	44,324
	21,240	44,324

6. Accounts payable to related parties

Composed of:

	2023	2022
	S/	S/
Sun Pharma Global FZE	8,465,036	8,708,978
Sun Pharmaceutical Industries S.A.C.	165,057	165,057
	8,630,093	8,874,035

Accounts payable include a loan to Sun Pharma Global FZE for US\$2,279,837 and to Sun Pharma Industries S.A.C. for US\$21,398. The loan will not accrue interest and has no specific collateral.

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7. Equity

a. Capital

As of December 31st, 2023 and 2022, the capital is represented by 150 fully subscribed and paid common shares, with a par value of S/10 per share.

The shareholding structure is composed as follows:

Individual participation	Shares	Participation
Sun Pharmaceutical Netherlands BV	149	99.99 %
Sun Pharma Holdings Uk Limited	1	0.01 %
	<u>150</u>	<u>100.00 %</u>

b. Accumulated losses

In accordance with the provisions of Legislative Decree N° 30296, which amended the Income Tax Act, dividends distributed or paid for profits as from 2017 are subject to a rate of 5% (For 2016 and 2015 the rate is 6.8%; and for 2014 the rate is 4.1%).

8. Exchange differences, net

Composed of:

	2024	2023
	S/	S/
Foreign exchange profit	<u>243,943</u>	<u>393,511</u>

9. Tax situation

- The Company is subject to the Peruvian tax regime. The income tax rate at December 31st, 2023 and 2022 is 29.5 percent of taxable income.
- Legal entities not domiciled in Peru and individuals are subject to the withholding of an additional tax on dividends received. In this regard, in accordance with Legislative Decree N°1261, the additional tax on dividends for profits generated as of January 1st, 2017 is 5 percent.
- For income tax purposes, the transfer prices of transactions with related companies and with companies resident in territories with low or no taxation, must be supported by documentation and information on the valuation methods used and the criteria considered for their determination. Based on the analysis of the Company's operations, management and its legal advisors are of the opinion that, as a result of the application of these standards, no significant contingencies will arise for the Company as of December 31st, 2023.

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- d. The Tax Authority has the authority to review and, if applicable, correct the income tax calculated by the Company in the four years following the year in which the tax return is filed. The Company's income tax returns for the years 2019 to 2023 and the general sales tax for the years 2019 to 2023 are pending examination by the Tax Authority. Due to the possible interpretations that the Tax Authority may give to the legal norms in force, it is not possible to determine at this date, whether or not the reviews will result in liabilities for the Company; therefore, any eventual higher tax or surcharge that may result from the tax reviews would be applied to the results of the year in which it is determined.

However, in the opinion of the Company's management and its legal advisors, any potential additional tax settlement would not be material to the financial statements as of December 31st, 2023.

- e. As from January 1st, 2021, even when the interest expense on indebtedness complies with the principle of causality, its deduction is subject to limits based on the EBITDA of the previous year. In this regard, on December 30th, 2021, Supreme Decree No. 402-2021-EF was published, by which the LIR regulations were adapted to the aforementioned amendment. In this way, the rules for the calculation of the EBITDA, the way of determining the limit in the case of a business reorganization, the concepts that banks and financial companies should not consider in order to establish the proportion between taxed financial income and exempt and non-taxable financial income, and the way of crediting the payment of interest on credits coming from abroad and the declaration and payment of the tax levied on the same, have been established.

On the other hand, it has been provided that for purposes of determining the EBITDA corresponding to the taxable year 2022, in order to establish the limit for the interest deduction applicable to the year 2023, the amount of interest deducted to establish such net income after the offset of losses must be added to the net income, in addition to the amount of the respective depreciation and amortization, as well as deducting the taxable interest income of such year.

- f. The rules that regulate the obligation of legal persons and/or legal entities to report the identification of their beneficial owners are in force. These rules are applicable to legal entities domiciled in the country, according to the provisions of article 7 of the Income Tax Law, and to legal entities incorporated in the country. The obligation reaches non-domiciled legal entities and legal entities incorporated abroad as long as: a) they have a branch, agency or other permanent establishment in the country; b) the individual or legal entity that manages the autonomous patrimony or investment funds abroad, or the individual or legal entity that has the capacity of protector or administrator, is domiciled in the country and c) any of the parties of a consortium is domiciled in the country. This obligation will be fulfilled by submitting to the Tax Authority an informative Sworn Statement, which must contain the information of the beneficial owner and must be submitted in accordance with the regulations and within the terms established by resolution of the Tax Authority (SUNAT).
- g. General Anti-avoidance Rule - Through Legislative Decree No. 1422, the Tax Code was amended, and as part of this amendment a new case of joint and several liability is foreseen, when the tax debtor is subject to the application of the measures provided by Rule XVI in case of detection of tax evasion; in such case, the joint and several liability will be attributed to the legal representatives whenever they have collaborated with the design or approval or execution of acts or situations or economic relations foreseen as evasive in Rule XVI. In the case of companies that have a Board of Directors, this corporate body is responsible for defining the tax strategy of the entity and must decide on the approval or not of acts, situations or economic

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relations to be carried out within the framework of tax planning, being this power non-delegable. The acts, situations and economic relations carried out within the framework of tax planning and implemented at the date of entry into force of Legislative Decree No. 1422 (September 14th, 2018) and that continue to have effects, must be evaluated by the Board of Directors of the legal entity for the purpose of their ratification or modification until March 29th, 2019, notwithstanding that the Management or other administrators of the company had approved at the time the referred acts, situations and economic relations.

In July 2019, Superintendence Resolution N°152 2009/SUNAT was published through which the form and conditions for companies to declare before SUNAT the data of all those involved in the design or approval or execution of the acts, situations or economic relations that are reviewed in the framework of an audit in application of Rule XVI (Tax Code) were established.

- h. Rules have been established for the accrual of income and expenses for tax purposes as from January 1st, 2019 (Legislative Decree No. 1425). Until 2018, there was no normative definition of this concept, so in many cases it was resorted to the accounting standards for its interpretation. In general terms, with the new criterion, for purposes of determining income tax, it will now be considered whether the substantial facts for the generation of the income or expense agreed by the parties have occurred, which are not subject to a suspensive condition, in which case the recognition will be given when this is fulfilled; the established collection or payment opportunity will not be taken into account; and, if the determination of the consideration depends on a future fact or event, the total or the part of the income or expense that corresponds will be deferred until that fact or event occurs.
- i. During 2022, the following standards have been issued, effective January 1st, 2023:
 - **Special depreciation regimes – Law N° 31652**
 - (i) Special depreciation applicable as from fiscal year 2023 on buildings and constructions: Buildings and constructions may be depreciated, for income tax purposes, by applying on their value an annual depreciation percentage with a maximum of 33.33 % until their total depreciation, provided that the assets are exclusively destined to business development and comply with the following conditions:
 - a. Construction would have started as of January 1st, 2023.
 - b. By December 31st, 2024, construction will be at least 80% complete.

The above also applies to taxpayers who during fiscal years 2023 and 2024 acquire property that complies with points a) and b) above.

The special depreciation regime will not apply when the assets have been totally or partially constructed before January 1st, 2023.

In the case of subsequent costs generated by buildings and constructions that meet the aforementioned conditions, the depreciation will be computed separately from that corresponding to the assets to which they have been incorporated.

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- (ii) Special depreciation applicable as from fiscal year 2023 on electric vehicles Land transportation vehicles (except railroads) hybrid (with piston engine and electric motor) or electric (with electric motor), acquired in fiscal years 2023 and 2024, used for the production of taxable income, may be depreciated by applying to their value the annual depreciation percentage with a maximum of 50%, until they are fully depreciated.

10. Classification of financial instruments

The Company's financial assets and liabilities as of December 31st, 2023 consist of:

	2023 S/	2022 S/
Financial assets:		
Cash and cash equivalents	40,049	86,148
	<u>40,049</u>	<u>86,148</u>
Financial liabilities:		
Accounts payable to related parties	8,630,093	8,874,035
Other accounts payable	21,240	44,324
	<u>8,651,333</u>	<u>8,918,359</u>

11. Financial risk management

The Company is continuously exposed to market risks, credit risks and liquidity risks. Market risks are originated by variations in exchange rates, interest rates and prices. These risks are managed through specific policies and procedures established by the Company's management, which identifies, evaluates and hedges financial risks.

a. Market risk

Exchange rate risk

The Company makes its sales in U.S. dollars, which allows it to meet its obligations in that currency. However, the exchange rate risk arises from balances held in U.S. dollars such as cash, accounts receivable for accounts payable, among others.

As of December 31st, 2023 and 2022, the balances of monetary assets and liabilities denominated in foreign currencies are summarized as follows:

	2023 US\$	2022 US\$
Assets:		
Cash and cash equivalents	2,588	2,760
	<u>2,588</u>	<u>2,760</u>
Accounts payable to related parties	(2,301,235)	(2,301,235)
	<u>(2,301,235)</u>	<u>(2,301,235)</u>
Net liabilities position	<u>(2,298,647)</u>	<u>(2,298,475)</u>

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As of December 31st, 2023, the exchange rate published by the Superintendency of Banking, Insurance and AFP (SBS) for transactions in U.S. dollars was S/ 3.705 – Purchase and S/3.713 – Selling (S/3.808 – Purchase and S/3.820 – Selling as of December 31st, 2022).

Interest rate risk

The Company has no borrowings from a related entity; operating income and cash flows are independent of changes in market interest rates.

As of December 31st, 2023, the Company believes it maintains this risk under control.

b. Credit risk

Credit risk arises from the inability of debtors to meet their obligations. The financial instruments that partially expose the Company to concentrations of credit risk consist mainly of cash and accounts receivable from related parties.

Concentrations of credit risk with respect to cash are limited by the Company, given that it places its liquidity surpluses in prestigious financial institutions, establishes conservative credit policies and constantly evaluates the conditions existing in the market in which it operates.

Concentrations of credit risk with respect to trade accounts receivable are limited, primarily due to the characteristics of the Company's business.

Accordingly, the Company does not estimate significant credit risk at December 31st, 2023.

c. Liquidity risk

Management has primary responsibility for liquidity risk management, which has established policies and procedures for short, medium and long-term indebtedness. Management manages liquidity risk by monitoring cash flows and maturities of its assets and liabilities.

As of December 31st, 2023 and 2022, the Company's non-derivative financial liabilities are current maturities and are as follows:

	Less than 1 year S/	Between 1 to 2 years S/	Between 2 to 5 years S/	Total S/
2023				
Accounts payable to related parties	-	-	8,630,093	8,630,093
Other accounts payable	21,240	-	-	21,240
Total	21,240	-	8,630,093	8,651,333
	Less than 1 year S/	Between 1 to 2 years S/	Between 2 to 5 years S/	Total S/
2022				
Accounts payable to related parties	-	-	8,874,035	8,874,035
Other accounts payable	44,324	-	-	44,324
Total	44,324	-	8,874,035	8,918,359

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d. Capital risk management

The Company manages its capital to ensure ongoing continuity as a going concern, while maximizing the return to its shareholders through the optimization of debt and equity balances.

The Company's capital structure consists of net indebtedness (accounts payable to related entities less cash), and the respective shareholders' equity.

Management estimates that the carrying values of the Company's financial instruments (current financial assets and liabilities) at December 31st, 2023 do not differ significantly from their fair values due to their maturity in the short term.

e. Fair value of financial instruments

Management estimates that the carrying values of the Company's financial instruments (current financial assets and liabilities) at December 31st, 2023 do not differ significantly from their fair values due to their maturity in the short term.

12. Commitments and Contingencies

Commitments

The Company has not provided any guarantees or sureties to third parties, since its current activities do not require them.

Contingencies

As of December 31st, 2023, management is not aware of any contingencies facing the Company.

13. Subsequent events

Between December 31st, 2023 and the date of authorization for issuance of the financial statements, no subsequent events have been identified that would imply significant adjustments or disclosures to the figures reported as of December 31st, 2023.