SUN PHARMACEUTICAL INDUSTRIES S.A.C.

Financial Statements

As of March 31st., 2024 and 2023

Along with the independent auditors' opinion

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As of March 31st., 2024 and 2023

Content

Grant Thornton

Independent auditors' report

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

Opinion

1. We have audited the accompanying financial statements of Sun Pharmaceutical Industries 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 March 31st., 2024, and the related statements of income and other comprehensive income, changes in equity and cash flows for the twelve-month period 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 March 31st., 2024, 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/ 14,024,654 (S/ 1,354,825 as of March 31st., 2023), 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 twelve-month period ended March 31st., 2023 were audited by other independent auditors, who expressed an unqualified opinion in their report dated May 24th, 2023. We were not engaged to audit, review or apply any auditing procedures to those financial statements for the twelve-month period ended March 31st., 2023 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 INDUSTRIES S.A.C.

Statement of financial position
As of March 31st., 2024 and 2023

	Notes	2024	2023
Assets		**S/**	**S/**
Current assets			
Cash and cash equivalent	4	3,742,554	2,711,171
Trade accounts receivable	5	8,878,026	15,732,149
Accounts receivable to related parties	6	162,829	162,829
Other accounts receivable	7	3,155,181	1,016,676
Inventory	8	10,848,198	20,848,914
Total current assets		**26,786,788**	**40,471,739**
Non-current assets			
Properties, plant and equipment, net	9	133,261	75,502
Right-of-use assets	10	582,939	1,130,002
Total non-current assets		**716,200**	**1,205,504**
Total assets		**27,502,988**	**41,677,243**

	Notes	2024	2023
Liabilities and Shareholders´ equity		**S/**	**S/**
Current liabilities			
Trade accounts payable	11	5,883,438	788,913
Accounts payable to related parties	6	13,883,409	20,407,611
Lease liabilities		759,778	599,437
Other accounts payable	12	7,692,902	4,007,662
Total current liabilities		**28,219,527**	**25,803,623**
Non-current liabilities			
Accounts payables to related parties	6	8,862,400	12,782,730
Total liabilities		**37,081,927**	**38,586,353**
Equity	13		
Capital		4,342,017	4,342,017
Legal reserve		103,698	103,698
Accumulated losses		(14,024,654)	(1,354,825)
Total equity		**(9,578,939)**	**3,090,890**
Total liabilities and equity		**27,502,988**	**41,677,243**

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

SUN PHARMACEUTICAL INDUSTRIES S.A.C.

Statement of income and other comprehensive income
For the twelve-month period ended March 31st., 2024 and 2023

	Notes	2024 S/	2023 S/
Revenue	14	23,101,943	41,458,584
Cost of sales	15	(19,652,007)	(13,127,627)
Gross margin		3,449,936	28,330,957
Operating expenses	16 - 17	(16,459,608)	(11,961,977)
Other income (expenses), net		61,631	(1,902,594)
Operating results		(12,948,041)	14,466,386
Exchange differences, net	18	278,212	(972,835)
Result before income tax		(12,669,829)	13,493,551
Income tax	19	-	(1,847,621)
Net result		**(12,669,829)**	**11,645,930**
Other comprehensive income		**-**	**-**
Total other comprehensive income		**(12,669,829)**	**11,645,930**

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

SUN PHARMACEUTICAL INDUSTRIES S.A.C.

Statement of changes in equity
For the twelve-month period ended March 31st., 2024 and 2023

	Number of shares #	Capital S/ Note 13	Legal reserve S/ Note 13	Accumulated losses S/ Note 13	Total S/
Balances as of March 31st., 2022	**4,129,977**	**4,129,977**	**103,698**	**(13,000,755)**	**(8,767,080)**
Adjustment	212,040	212,040	-	-	212,040
Net result	-	-	-	11,645,930	11,645,930
Balances as of March 31st., 2023	**4,342,017**	**4,342,017**	**103,698**	**(1,354,825)**	**3,090,890**
Net result	-	-	-	(12,669,829)	(12,669,829)
Balances as of March 31st., 2024	**4,342,017**	**4,342,017**	**103,698**	**(14,024,654)**	**(9,578,939)**

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

SUN PHARMACEUTICAL INDUSTRIES S.A.C.

Statement of cash flows
For the twelve-month period ended March 31st., 2024 and 2023

	2024 S/	2023 S/
Operating activities		
Net result	(12,669,829)	11,645,930
Adjustment to net result:		
Depreciation	547,063	790,971
Provisions	1,122,803	-
Changes to working capital:		
Trade accounts receivable	5,731,320	(7,479,496)
Other accounts receivable	(2,138,505)	-
Inventory	10,000,716	(7,102,841)
Trade accounts payable	5,094,525	(537,727)
Lease liabilities	(3,759,989)	457,652
Other accounts payable	3,685,240	-
Cash and cash equivalents from (used in) operating activities	**7,555,585**	**(2,985,288)**
Investment activities		
Acquisition of properties, plant and equipment	-	(20,700)
Cash and cash equivalents used in investing activities	**-**	**(20,700)**
Financing activities		
Contributions from related parties	(6,524,202)	-
Cash and cash equivalents used in financing activities	**(6,524,202)**	**-**
Net increase (decrease) in cash	**1,031,383**	**(3,005,988)**
Cash and cash equivalents at the beginning of the period	2,711,171	5,717,159
Cash and cash equivalents at the end of the period	**3,742,554**	**2,711,171**

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

SUN PHARMACEUTICAL INDUSTRIES S.A.C.

Notes to the financial statements
For the twelve-month period ended March 31st., 2024 and 2023

1. Background and economic activity

a. Identification

Sun Pharmaceutical Industries S.A.C., (a subsidiary of Sun Pharmaceutical Industries Limited, domiciled in Mumbai, India), hereinafter 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 INDUSTRIES 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.

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.

Significant estimates related to the financial statements are as follows:

- Expected Credit Losses (ECL) on accounts receivable. (Note 5).
- Write-down of inventories (Note 8).
- Useful life and recoverable value of properties, plant and equipment. (Note 9).
- Determination of the incremental interest rate used to measure lease liabilities. (Note 10(c)).
- Fair value measurement of financial assets and liabilities.

2.3. Significant accounting principles and practices

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.

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.

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 March 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.

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.

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. Trade accounts receivable

Trade 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 Company determines the estimate of expected credit losses under the simplified approach for its trade accounts receivable; and the general approach for other financial assets (accounts receivable from related parties and other accounts receivable) that are not measured at fair value through profit or loss.

(i) Trade accounts receivable

The Company applies a simplified approach when calculating expected credit losses for trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognizes an estimate based on lifetime expected credit loss at each reporting date.

The Company has established an allowance matrix that is based on its historical credit loss experience, adjusted for prospective factors specific to the debtors and the economic environment.

(ii) Other financial assets that are not measured at fair value through profit or loss

For accounts receivable from related parties and other receivables, the Company applies the general approach. The general approach defined in IFRS 9 is based on the analysis of the debtor's credit quality; that is, it requires estimating expected credit losses before there is objective evidence of impairment.

The general approach is structured through phases based on the degree of credit risk and whether there has been a significant increase in credit risk.

Phase 1, for credit exposures for which at the reporting date there has not been a significant increase in credit risk, expected credit losses are recognized for events of default that are possible within the next 12 months (a 12-month expected credit loss).

Phase 2, for those lending exposures for which there has been a significant increase in credit risk since initial recognition, an allowance for expected credit loss is required over the remaining life of the exposure on a gross interest basis, regardless of the time of default (a lifetime expected credit loss).

Phase 3, for those credit exposures for which there has been a significant increase in credit risk since initial recognition, an estimate for expected credit loss over the remaining life of the exposure is required on a net interest basis, regardless of the time of default (a lifetime expected credit loss).

g. Inventory

Inventories consist mainly of merchandise for sale in medical institutions, clinics and pharmacies nationwide. They are recorded at acquisition cost, which includes the purchase price, transportation, storage and other costs attributable to their acquisition.

Merchandise is valued at the lower of cost or net realizable value, following the average cost method. Net realizable value is the normal selling price less costs to make the sale, including marketing and distribution expenses.

The allowance for impairment is charged to income for the year and is determined by comparing the net realizable value and the book value, when the former is lower than the latter.

h. Properties, plant and equipment

Properties, plant and equipment are stated at historical cost, net of accumulated depreciation. When assets are sold or retired, the cost and accumulated depreciation are eliminated, and any gain or loss resulting from their disposal is included in the statement of income.

The initial cost of properties, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs to place the asset in working condition and use. Disbursements incurred after the properties, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are expensed in the period in which they are incurred. In the event that it is clearly demonstrated that the expenditures will result in future benefits from the use of the properties, plant and equipment beyond their original performance standard, they are capitalized as an additional cost.

Straight-line depreciation
Depreciation is calculated using the straight-line method, using the following estimated useful lives:

Item	**Years**
Furniture	10
Computer equipment's	4
Other equipment's	4

The useful life and method of depreciation are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of properties, plant and equipment.

An item of properties, plant and equipment is retired upon disposal or when no economic benefits are expected from its subsequent use or disposal. Any gain or loss arising on retirement of the asset (calculated as the difference between the proceeds from the sale and the carrying amount of the asset) is included in the statement of comprehensive income in the year in which the asset is retired.

i. Leases

As lessee
Leases in which the Company participates as a lessee with a purchase option are accounted for by recognizing a right-of-use asset (included in plant, machinery and equipment, net) and a lease-purchase liability (included in financial obligations) except for:

- Leases of low-value assets; and
- Leases with a term of twelve months or less.

(i) Right-of-use asset

Right-of-use assets are initially measured at the amount of the lease liability reduced by any lease incentives received and increased by:

- Lease payments made at or before the inception of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognized when the Company is contractually obligated to dismantle, remove or restore the leased asset.

Right-of-use assets are depreciated on a straight-line basis over the remaining lease term (note 10).

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment.

Depreciation of right-of-use assets with a purchase option is calculated using the straight-line method to allocate their cost less their residual value over their estimated useful lives.

Item	**Years**
Offices	1
Vehicles	4

(ii) Lease liabilities

Lease-purchase liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the incremental borrowing rate at the inception of the lease noted in Note 10.

Variable lease payments are only included in the measurement of the lease liability if they are dependent on an index or rate. In such cases, the initial measurement of the lease liability assumes that the variable element will remain unchanged during the lease term. Other variable lease payments are charged to income in the period in which they accrue.

On initial recognition, the carrying amount of the lease liability also includes:

- Amounts expected to be paid under any residual value guarantee;
- The exercise price of any purchase option granted in favor of the Company, if it is reasonably certain that the option will be exercised;
- Any penalty payable to terminate the lease, if the lease term has been estimated based on the termination option being exercised.

Subsequent to initial measurement, lease liabilities increase as a result of interest collected at a constant rate on the outstanding balance and are reduced by lease payments made.

When the Company revises the estimate of the term of any lease (because, for example, the likelihood that a lessee's option to extend or terminate is exercised is revised), it adjusts the amount of the lease liability to reflect the payments to be made over the revised term and is discounted at the same rate that was applied at the inception of the lease. The carrying amount of lease liabilities is similarly revised when the variable element of future lease payments is dependent on a rate or index.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in the lease of one or more additional assets for an amount commensurate with the stand-alone price for the additional rights of use obtained, the modification is accounted for as a separate lease.

- In all other cases where as a result of the renegotiation the scope of the lease is increased (either extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable at the date of modification, and the right-of-use asset is adjusted by the same amount.

- If the renegotiation results in a decrease in the extent of the lease, both the carrying amount of the lease liability and the right-of-use asset are reduced by the same proportion to reflect the termination of the lease with any difference recognized in profit or loss. The lease liability is adjusted to the extent that its carrying amount reflects the amount of payments renegotiated during the renegotiated term, with the modified lease payments discounted at the rate applicable at the date of modification. The right-of-use asset is adjusted by the same amount.

For contracts that convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease and not separate the components, i.e., record the contractual payments and any services provided by the supplier as part of the lease contract.

j. Impairment of non-financial assets

The carrying amounts of properties, plant and equipment are reviewed to determine whether there is any indication of impairment at the end of each year. If such indications exist, the Company estimates the recoverable amount of the asset, which is the higher of fair value less estimated costs to sell and value in use. When the recoverable amount of an asset is below its carrying amount, it is considered to be impaired.

Fair value corresponds to the amount that can be obtained from the sale of an asset in an open market, while value in use is the present value of estimated future net cash flows from the continued use of an asset and its disposal at the end of its useful life. In determining value in use, future cash flows are discounted to their present value using a pre-tax discount rate that reflects the assessment of current market conditions, the time value of money and the risks specific to the asset.

When there are new events, or changes in existing circumstances, that indicate that an impairment loss recorded in a prior period may no longer exist or may have decreased, the Company re-estimates the recoverable amount of the related asset. Previously recognized impairment losses are reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the date on which the impairment loss was last recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. Such increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in income. After the reversal, the depreciation charge is adjusted in future periods by spreading the carrying amount of the asset over its remaining useful life.

k. Trade accounts payable, accounts payable to related parties and other accounts 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.

l. Employee benefits

Employees' statutory profit sharing
The Company recognizes a liability, charged to income, for employee profit sharing based on current legal provisions (Legislative Decree No. 892). Under current regulations, there is a limit on the workers' participation that an employee may receive, equivalent to eighteen monthly salaries.

The Company recognizes workers' participation in accordance with the provisions of IAS 19, "Employee Benefits", i.e., as a short-term benefit that the entity provides to employees in exchange for their services. This benefit is recognized as an expense for the year.

Gratifications
The Company recognizes a liability, charged to income, for bonuses paid to its employees, based on the legal provisions in force in Peru. Gratifications correspond to two annual bonuses paid in July and December of each year.

Compensation for time of services
The compensation for time of service of the Company's personnel corresponds to their indemnification rights calculated in accordance with current legislation, which must be deposited in the bank accounts designated by the employees in the months of May and November of each year. Compensation for employee service time is equivalent to one-half of the monthly salary in effect at the date of deposit. The Company has no additional payment obligations once it makes the annual deposits of the funds to which the employee is entitled.

Vacations
Staff annual leave and other paid absences are recognized on an accrual basis. The provision for the estimated obligation for annual employee leave, which is calculated on the basis of one payment for every twelve months of service rendered by employees, is recognized at the closing date of the financial statements.

The Company does not provide post-employment benefits and does not operate a stock-based equity compensation plan.

m. 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.

n. 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.

o. 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.

p. 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.

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.

q. 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.

r. Transactions in foreign currency

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.

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 Unit 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.

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

Standard - Description	Validity
IFRS 7 – Insurance contracts 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.	January 1st., 2023
Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors 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.	January 1st., 2023
Amendments to IAS 12 - Income Taxes 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. 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.	January 1st., 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 1st., 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 1st., 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 1st., 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 1st., 2025

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:

	2024 S/	2023 S/
Petty cash	804	2,374
Current accounts	3,490,452	2,477,443
Guaranty funds	251,298	231,353
	3,742,554	**2,711,171**

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. Trade accounts receivable

Composed of:

	2024 S/	2023 S/
Billing	12,051,843	17,923,509
	12,051,843	17,923,509
Provision for Expected Credits Losses (ECL)	(3,173,817)	(2,191,360)
	8,878,026	**15,732,149**

Invoices are current due and do not accrue interest. The collection period varies according to the terms of the contract, generally between 60 and 90 days on average. Revenues are diversified among different public and private sector customers.

The credit quality of accounts receivable has been evaluated based on historical information reflecting compliance rates, as follows:

	2024 S/	2023 S/
Not due	5,231,628	11500,548
Expired	236,743	-
Up to 60 days	3,269,281	2,810,798
From 61 to 360 days	-	1,141,429
More than 360 days	3,314,191	2,470,734
	12,051,843	**17,923,509**

The changes in the allowance for expected credit losses are presented below:

	2024 S/	2023 S/
Opening balances	2,191,360	1,919,907
Additions, note 16	982,457	271,453
Closing balances	**3,173,817**	**2,191,360**

In the process of estimating impairment, Management evaluates market conditions, the age of the portfolio and performs an analysis of each client's credit history.

6. Balances and transactions with related parties

The Company has mainly carried out the following transactions with related parties:

	Purchase	
	2024 S/	2023 S/
Sun Pharmaceutical Industries Limited	11,153,348	21,265,304
Sun Pharmaceutical Perú S.A.C.	-	-
Sun Pharmaceutical Netherlands B.V.	-	-
	11,153,348	**21,265,304**

The balances of accounts receivable and payable corresponding to transactions with related entities are as follows:

	2024 S/	2023 S/
Trade accounts payable:		
Sun Pharmaceutical Industries Limited	13,883,409	20,407,611
Loans receivable:		
Sun Pharmaceutical Perú S.A.C.	162,829	162,829
Loans payable:		
Sun Pharmaceutical Netherlands B.V.	8,862,400	12,782,730
		-

Balances receivable and payable relate to loans made to the principal shareholder for operating expenses, are denominated in US dollars, have current and non-current maturities, do not bear interest and do not have specific guarantees.

7. Other accounts receivable

Composed of:

	2024 S/	2023 S/
Income tax - Prepayments	1,495,510	735,235
Funds to be rendered	13,756	40,107
Credit tax – General Sales Tax	1,449,393	-
Others	196,522	241,334
	3,155,181	**1,016,676**

8. Inventory

Composed of

	2024 S/	2023 S/
Goods	14,547,108	15,601,380
Stock in transit	504,561	7,537,171
	15,051,669	23,138,551
Allowance for inventory impairment	(4,203,471)	(2,289,637)
	10,848,198	**20,848,914**

The changes in the allowance for expected credit losses are presented below:

	2024 S/	2023 S/
Opening balances	(2,289,637)	-
Allowance for inventory impairment	(1,913,834)	(2,289,637)
Closing balance	**(4,203,471)**	**(2,289,637)**

9. Properties, plant and equipment

Composed of:

	Vehicles S/	Computer equipment S/	Furniture S/	Other equipment S/	Total S/
Cost:					
Balances April 1st., 2022	60,845	78,998	67,932	14,452	222,228
Additions	-	20,700	-	-	20,700
Withdrawals	-	-	-	-	-
Balances March 31st., 2023	**60,845**	**99,699**	**67,932**	**14,452**	**242,928**
Additions	-	73,337	-	8,371	81,708
Withdrawals	-	-	-	-	-
Balances March 31st., 2024	**60,845**	**173,035**	**67,932**	**22,823**	**324,636**
Accumulated depreciation:					
Balances April 1 st., 2022	60,845	45,875	33,902	4,143	144,765
Additions	-	14,422	6,793	1,445	22,660
Withdrawals	-	-	-	-	-
Balances March 31st., 2023	**60,845**	**60,297**	**40,696**	**5,588**	**167,426**
Additions	-	15,536	6,793	1,620	23,949
Withdrawals	-	-	-	-	-
Balances March 31st., 2024	**60,845**	**75,833**	**47,489**	**7,208**	**191,374**
Net Balances March 31st. 2024	**-**	**97,202**	**20,444**	**15,616**	**133,261**
Net Balances March 31st. 2023	**-**	**39,402**	**27,237**	**8,864**	**75,502**

a. Depreciation of properties, plant and equipment is allocated to results as follow:

	2024 S/	2023 S/
Administrative expenses, note 16	23,949	22,660
	23,949	**22,660**

b. As of March 31st., 2024 and 2023, no assets of the Company have been pledged as collateral.

c. As of March 31st., 2024 and 2023, according to the Company's management, there are no encumbrances of any kind on fixed assets, nor does it consider that there are situations that may affect the projections of the expected results in the remaining years of useful life of such fixed assets and, in its opinion, the recoverable amounts of fixed assets at the end of each year are greater than their book values, so it is not necessary to make any provision for loss or impairment of value for those assets at the date of the financial statements.

d. As of March 31st., 2024 and 2023, management considers that there are no indications of impairment of properties, plant and equipment, and therefore it is not necessary to establish an allowance for impairment of these assets as of the date of the statement of financial position.

e. As of March 31st., 2024 and 2023, the Company has no commitments to acquire properties, plant and equipment.

10. Right-of-use assets and lease liabilities

Composed of the lease of the administrative office located at Republica de Panama Avenue N°. 3418, office 1501, district of San Isidro - Lima and the warehouse located at Carretera Central N° 1115, district of Santa Anita - Lima.

The carrying amounts of the right-of-use assets recognized and the movements during the period are as follows:

	Balance 01.04.2023 S/	Additions S/	Balance 31.03.2024 S/
Cost			
Right-of-use asset	2,463,243	-	2,463,243
	2,463,243	**-**	**2,463,243**
Accumulated depreciation			
Right-of-use asset	1,333,241	547,063	1,880,304
	1,333,241	**547,063**	**1,880,304**
Net cost March 31st., 2024	**1,130,002**		**582,939**

	Balance 01.04.2022 S/	Additions S/	Balance 31.03.2023 S/
Cost			
Right-of-use asset	714,426	1,748,817	2,463,243
	714,426	**1,748,817**	**2,463,243**
Accumulated depreciation			
Right-of-use asset	564,930	768,311	1,333,241
	564,930	**768,311**	**1,333,241**
Net cost March 31st., 2023	**149,496**		**1,130,002**

a. Depreciation of the asset is calculated by the straight-line method to allocate its cost over its estimated useful life, which is determined according to the contract in 2 years for both leases.

b. Depreciation has been distributed in the statement of income and other comprehensive income as follows:

	2024 S/	2023 S/
Administrative expenses, note 16	547,063	768,311
	547,063	**768,311**

c. To determine the incremental funding rate, the Company uses the weighted average of the cost of debt rates of current issues. The calculation of the discount rate is determined as the Company's weighted average cost of capital, which is determined through market betas, risk-free rates, country risk rates and other indicators.

d. The following is a detail of the carrying amounts of the lease liabilities and the changes during the period:

	2024 S/	2023 S/
Opening balance	599,437	-
(+) Interest	160,341	599,437
Closing balance	**759,778**	**599,437**
Current portion	**759,778**	**599,437**
Non-current portion	**-**	**-**

11. Trade accounts payable

Composed of:

	2024 S/	2023 S/
Billing	5,883,438	788,913
	5,883,438	**788,913**

Trade accounts payable are denominated in soles and U.S. dollars and have current maturities.

12. Other accounts payable

Composed of:

	2024 S/	2023 S/
Taxes	-	1,847,621
Wages	562,830	728,466
Advances received from customers	1,527,807	-
Others	-	497,536
Provisions	4,345,100	934,039
Lease liabilities	1,257,164	-
	7,692,902	**4,007,662**

13. Equity

a. Capital

As of March 31st., 2024 and 2023, the capital is represented by 4,342,017 fully subscribed and paid common shares, with a par value of S/1 each.

The Company's shareholding structure as of March 31st., 2024 is as follows:

Shareholder	Shares	Participation
Sun Pharma (Netherlands) BV	4,342,016	99.99%
Sun Pharma Holdings Uk Limited	1	0.01%
	4,342,017	**100.00%**

b. Legal reserve

The General Corporations Law establishes that in the case of the legal reserve, a minimum of ten percent of distributable income for each year, net of income tax, must be set aside to a legal reserve until it reaches an amount equal to one-fifth of the capital. The excess over this limit does not have the status of a legal reserve. Losses corresponding to a year are offset against profits or unrestricted reserves.

In the absence of such reserves, they are offset against the legal reserve. In the latter case, the legal reserve must be replenished. The Company may capitalize the legal reserve and is obliged to replenish it. The legal reserve is replenished by appropriating profits of subsequent years in the manner established by the General Corporation Law.

The legal reserve as of March 31st., 2024 amounts to S/103,698.

c. 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%).

14. Revenue

Composed of:

	2024 S/	2023 S/
Sales	26,560,886	41,815,276
Refund of sales	(2,803,997)	-
Other refunds	(654,946)	(356,692)
	23,101,943	**41,458,584**

15. Cost of sales

Composed of:

	2024 S/	2023 S/
Opening balance-Inventory	13,311,743	13,746,073
More:		
Purchases	17,749,504	21,265,304
Other adjustments	(1,065,604)	(1,034,837)
Less:		
Closing balance – Inventory	(10,343,637)	(20,848,914)
	19,652,007	**13,127,627**

16. Administrative expenses

Composed of:

	2024 S/	2023 S/
Personnel expenses	7,712,252	5,318,484
Services provided by third parties	2,099,893	2,311,203
Miscellaneous management charges	9,006	-
Depreciation	571,012	790,971
Others	1,492,862	239,600
	11,885,025	**8,660,258**

17. Sales expenses

Composed of:

	2024 S/	2023 S/
Personnel expenses	154,726	2,279,350
Services provided by third parties	2,322,191	990,516
Others	2,097,667	31,853
	4,574,583	**3,301,719**

18. Exchange differences, net

Composed of:

	2024 S/	2023 S/
Foreign exchange profit (loss)	**278,212**	**(972,835)**

19. Tax situation

a. The Company is subject to the Peruvian tax regime. The income tax rate at March 31st., 2024 and 2023 is 29.5 percent of taxable income.

b. 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.

c. 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.

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 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.

(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.

20. Classification of financial instruments

The Company's financial assets and liabilities as of March 31st.,2024 and 2023 consist of:

	2024 S/	2023 S/
Financial assets:		
Cash and cash equivalent	3,742,554	2,711,171
Trade accounts receivable	8,878,026	15,732,149
Accounts receivable to related parties	162,829	162,829
Other accounts receivable	3,155,181	1,016,676
	15,938,590	**19,622,825**
Financial liabilities:		
Trade accounts payable	5,883,438	788,913
Other accounts payable	7,692,902	4,007,663
Lease liabilities	759,778	599,437
Accounts payables to related parties	22,745,809	33,190,341
	37,081,927	**38,586,354**

21. 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 March 31st., 2024 and 2023, the balances of monetary assets and liabilities denominated in foreign currencies are summarized as follows:

	2024	**2023**
	US$	US$
Assets:		
Cash and cash equivalent	187,313	14,418
Accounts receivable to related parties	21,398	21,398
	208,711	35,816
Liabilities		
Trade accounts payable	(1,091,315)	(1,214,169)
Accounts payables to related parties	(6,159,600)	(7,188,952)
	(7,250,915)	(8,403,121)
Net liabilities position	**(7,042,204)**	**(8,367,305)**

As of March 31st., 2024, the exchange rate published by the Superintendency of Banking, Insurance and AFP (SBS) for transactions in U.S. dollars was S/ 3.714 – Purchase and S/3.721 – Selling (S/3.758 – Purchase and S/3.765 – Selling as of March 31st., 2023).

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 March 31st., 2024, 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 March 31st., 2024.

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 March 31st., 2024 and 2023, the contractual maturity of the Company´s non-derivative financial liabilities is as follows:

	Less than 1 year S/	Between 1 to 2 years S/	Between 2 to 5 years S/	Total S/
2024				
Trade accounts payable	5,883,438	-	-	5,883,438
Accounts payable to related parties	13,883,409	8,862,400	-	22,745,809
Other accounts payable	7,692,902	-	-	7,692,902
Total	**27,459,750**	**8,862,400**	**-**	**36,322,149**

	Less than 1 year S/	Between 1 to 2 years S/	Between 2 to 5 years S/	Total S/
2023				
Trade accounts payable	788,913	-	-	788,913
Accounts payable to related parties	20,407,611	12,782,730	-	33,190,341
Other accounts payable	4,007,662	-	-	4,007,662
Total	**25,204,186**	**12,782,730**	**-**	**37,986,916**

As of March 31st., 2024 and 2023, the Company's non-derivative financial liabilities are current and non-current maturities.

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 March 31st., 2024 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 March 31st., 2024 do not differ significantly from their fair values due to their maturity in the short term.

22. 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 March 31st., 2024, management is not aware of any contingencies facing the Company.

23. Subsequent events

Between March 31st., 2024 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 March 31st., 2024.