



## **Ascend Laboratories SpA and Subsidiaries**

Consolidated financial statements and independent auditor's report as of March 31, 2023 and 2022

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**Th\$: Thousands of Chilean Pesos**

**IFRS: International Financial Reporting Standards**

## Independent auditor's report

Board of Directors and Shareholders of:  
**Ascend Laboratories SpA and Subsidiaries**

We have audited the accompanying consolidated financial statements of Ascend Laboratories SpA and Subsidiaries, which comprise the consolidated statements of financial position as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the twelve-month periods between April 1, 2021 and March 31, 2022 and March 31, 2023, and the related notes to the consolidated financial statements.

### **Management's responsibility for the consolidated financial statements**

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

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ascend Laboratories SpA and subsidiaries as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the twelve-month periods between April 1, 2021 and March 31, 2022 and March 31, 2023 in accordance with International Financial Reporting Standards (IFRS).

Santiago, Chile  
May 3, 2023



Jaime Goñi Garrido  
Partner – HLB Surlatina Chile

# Consolidated statements of financial position

**As of March 31,**

(In thousands of chilean pesos - Th\$)

	Note N°	2023 Th\$	2022 Th\$
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	6	2,138,584	335,266
Trade debtors and other accounts receivables	7	17,818,092	10,359,177
Accounts receivable to related entities	8	365,325	275,261
Inventories, net	9	13,735,202	17,562,515
Current tax assets	10a	(261,129)	2,003,667
Other current assets		40,399	8,291
<b>Total current assets</b>		<b>33,836,473</b>	<b>30,544,177</b>
<b>Non-current assets:</b>			
Bank guarantees receivables, non-current	11	28,146	48,358
Other intangible assets - Net	12	1,697,743	1,939,122
Property, plant and equipment - Net	13	1,019,126	887,133
Deferred tax assets	14b	1,241,076	940,868
<b>Total non-current assets</b>		<b>3,986,091</b>	<b>3,815,481</b>
<b>Total assets</b>		<b>37,822,564</b>	<b>34,359,658</b>

The accompanying notes No. 1 through 29 are an integral part of these financial statements.

# Consolidated statements of financial position

**As of March 31,**

(In thousands of chilean pesos - Th\$)

	Note N°	2023 Th\$	2022 Th\$
<b>Liabilities and equity</b>			
<b>Current liabilities:</b>			
Other financial liabilities	15	9,267,859	8,747,932
Commercial accounts payable and other accounts payable	16	4,474,874	3,918,256
Accounts payable to related entities	8a	16,586,858	16,721,030
Provision for employee benefits	17	68,193	74,799
Income tax payable	10b	1,328,552	642,428
<b>Total liabilities, current</b>		<b>31,726,336</b>	<b>30,104,445</b>
<b>Equity:</b>			
Capital stock	18	2,914,178	2,914,178
Retained earnings (losses)	18	1,383,060	(133,958)
Profit (loss) for the period		1,798,990	1,474,993
<b>Equity attributable to owners of the parent</b>		<b>6,096,228</b>	<b>4,255,213</b>
Non-controlling interests		-	-
<b>Total net equity</b>		<b>6,096,228</b>	<b>4,255,213</b>
<b>Total liabilities and equity</b>		<b>37,822,564</b>	<b>34,359,658</b>

The accompanying notes No. 1 through 29 are an integral part of these financial statements.

# Consolidated statements of comprehensive income by function

For the periods ended March 31,

(In thousands of chilean pesos - Th\$)

	Note N°	2023 Th\$	2022 Th\$
<b>Statement of Income</b>			
Revenues	19	38,057,197	31,960,933
Cost of sales	20a	(30,774,946)	(25,104,034)
<b>Gross margin</b>		<b>7,282,251</b>	<b>6,856,899</b>
Administrative expenses	20b	(5,168,043)	(4,420,066)
Other gains (losses)	22	331,757	303,200
Finance expenses	21	(811,377)	(486,527)
Exchange rate	23	456,259	(384,629)
Income from adjustment units		152,330	58,880
<b>Profit (loss) before tax</b>		<b>2,243,177</b>	<b>1,927,757</b>
Profit (loss) for income tax	14a	(444,187)	(452,764)
<b>Profit (loss) for the period</b>		<b>1,798,990</b>	<b>1,474,993</b>
Profit (loss) attributable to owners of the parent		1,798,990	1,474,993
Profit (loss) attributable to non-controlling interests		-	-
<b>Profit (loss) for the period</b>		<b>1,798,990</b>	<b>1,474,993</b>
		-	-
<b>Other comprehensive income</b>			
Foreign exchange Translation reserve		42,026	(7,990)
<b>Total comprehensive income</b>		<b>1,841,016</b>	<b>1,467,003</b>

The accompanying notes No. 1 through 29 are an integral part of these financial statements.

# Consolidated statements of changes in equity

For the periods ended as of March 31, 2023 and 2022

	Paid capital Th\$	Additional paid-in capital Th\$	Retained earnings Th\$	Other reserves Th\$	Equity attributable to owners of the parent Th\$	Non controlling interests Th\$	Total equity, net Th\$
<b>Beginning balance April 1, 2022</b>	<b>2,914,178</b>	<b>-</b>	<b>1,349,025</b>	<b>(7,990)</b>	<b>4,255,213</b>	<b>-</b>	<b>4,255,213</b>
Comprehensive income:							
Profit for the year	-	-	1,798,990	42,026	1,841,016	-	1,841,016
Comprehensive income	-	-	1,798,990	42,026	1,841,016	-	1,841,016
Capital increase	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-
<b>Ending Balance March 31, 2023</b>	<b>2,914,178</b>	<b>-</b>	<b>3,148,015</b>	<b>34,036</b>	<b>6,096,229</b>	<b>-</b>	<b>6,096,229</b>

	Paid capital Th\$	Additional paid-in capital Th\$	Retained earnings Th\$	Other reserves Th\$	Equity attributable to owners of the parent Th\$	Non controlling interests Th\$	Total equity, net Th\$
Beginning balance April 1, 2021	2,914,178	-	(125,968)	-	2,788,210	-	2,788,210
Comprehensive income:							
Profit for the year	-	-	1,474,993	(7,990)	1,467,003	-	1,467,003
Comprehensive income	-	-	1,474,993	(7,990)	1,467,003	-	1,467,003
Capital increase	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-	-
Ending Balance March 31, 2022	2,914,178	-	1,349,025	(7,990)	4,255,213	-	4,255,213

The accompanying notes No. 1 through 29 are an integral part of these financial statements.



	2023 Th\$	2022 Th\$
<b>Cash flows from operating activities</b>		
Profit (loss) for the period	1,798,990	1,474,993
<b>(Credit) debit for non-cash items:</b>		
Profit for Income tax	444,187	452,764
Depreciation and amortization	480,884	387,829
Income from adjustment units	(152,330)	(58,880)
Provision of obsolescence	275,744	72,462
Provision for doubtful debts	(69,971)	(142,844)
<b>Decrease (increase) of assets:</b>		
Trade debtors and other accounts receivables	(7,458,915)	(1,595,324)
Inventories	3,827,313	(7,924,261)
Current tax assets	2,264,796	(1,443,098)
Other non financial assets, non-current	-	-
Bank guarantees receivables, non-current	20,212	14,716
Other intangible assets - Net	241,379	98,156
<b>Increase (decrease) of liabilities:</b>		
Trade and other payables	556,618	(913,362)
Provision for employee benefits	(6,606)	26,164
Income tax payable	686,124	(82,845)
Other adjustments	(6,805)	(6,806)
<b>Net cash flow from operating activities</b>	<b>2,901,620</b>	<b>(9,640,336)</b>
<b>Cash flows from financing activities</b>		
Other financial liabilities	519,927	(852,054)
Accounts payable to related entities	(1,967,120)	10,793,734
<b>Positive net flow originated by financing activities</b>	<b>(1,447,193)</b>	<b>9,941,680</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	348,891	(48,379)
<b>Net cash flow from investing activities</b>	<b>348,891</b>	<b>(48,379)</b>
<b>Net increase (decrease) of cash and cash equivalents</b>	<b>1,803,318</b>	<b>252,965</b>
<b>Beginning balance of cash and cash equivalents</b>	<b>335,266</b>	<b>82,301</b>
<b>Ending balance of cash and cash equivalents</b>	<b>2,138,584</b>	<b>335,266</b>

The accompanying notes No. 1 through 29 are an integral part of these financial statements.

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# Notes to the consolidated financial statements

**As of March 31, 2023 and 2022**

(In thousands of Chilean pesos - Th\$)

## 1 General information

Ascend Laboratories SpA (hereinafter "the Company"), was incorporated as a joint stock company under public deed dated July 19, 2011. The purpose of the company is: provide services involving the application, processing, obtaining and maintaining health records, on their own behalf or on behalf of Alkem Laboratories Limited (Parent Company), with the Chilean Institute Public Health and before all kinds of public bodies, such as the Metropolitan Health Service and / or any dependent agencies of the Chilean Ministry of Health, and the transfer or assignment any title of such health records.

On September 11, 2013 amendment of bylaws was made to expand its corporate purpose by adding to it the activities for the development, manufacture, storage, importation, marketing, distribution and export of pharmaceuticals, cosmetics and veterinary, and / or representation in the aforementioned areas.

Pharma Network SpA was constituted as a joint stock company under public deed dated 27<sup>th</sup> March 2018.

Asend Laboratories SA de CV was constituted as a joint stock company under public deed dated 2<sup>nd</sup> September 2021.

The structure of the Company as of March 31, 2023 is as follows:

Shareholder	Number of Shares	Participation %
Alkem Laboratories Ltd.	5,427	100.00
<b>Total</b>	<b>5,427</b>	<b>100.00</b>

The Company's address is located in 4700 Apoquindo Ave., 17<sup>th</sup> floor, Las Condes, Santiago, Chile. The Company has subsidiaries, which are mentioned in Note 2.

As of March 31, 2023 and 2022, Ascend Laboratories SpA's staff is allocated as follows:

Departments	Employee		Management		Technicians		Total General	
	2023	2022	2023	2022	2023	2022	2023	2022
Administration, Facilities & Secretarial	1	1	-	-	-	-	1	1
Finance	12	11	1	1	-	-	13	12
Human Resources	2	2	1	1	-	-	3	3
Legal, Compliance & Audit	6	5	1	1	-	-	7	6
Managing Director	-	-	1	1	-	-	1	1
Sales, Marketing & Product Management	9	9	1	1	-	-	10	10
Quality	7	4	1	1	-	-	8	5
Supply Chain	2	3	1	1	10	8	13	12
<b>Total</b>	<b>39</b>	<b>35</b>	<b>7</b>	<b>7</b>	<b>10</b>	<b>8</b>	<b>56</b>	<b>50</b>

## 2 Significant accounting policies

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

As required by IFRS, these accounting policies have been designed based on the IFRS applicable as of April 1, 2017.

## 2.1 Basis of preparation

The accompanying consolidated financial statements for the year ended March 31, 2023 and 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) of London.

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

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

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

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

## 2.2 Accounting Periods

The accompanying consolidated financial statements comprise the following periods:

- Consolidated statements of financial position as of March 31, 2023 and 2022.
- Consolidated statements of comprehensive income by function for the periods between April 1, 2022 and 2021 and March 31, 2023 and 2022.
- Consolidated statements of changes in equity for the periods between April 1, 2022 and 2021 and March 31, 2023 and 2022.
- Consolidated statements of cash flows for the periods between April 1, 2022 and 2021 and March 31, 2023 and 2022.

## 2.3 Basis of presentation

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

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

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

The consolidated statement of financial position as of March 31, 2023 are presented comparatively with the consolidated financial statements as of March 31, 2022.

## 2.3 Basis of presentation (Continued)

The consolidated statements of comprehensive income, cash flows, and changes in equity show the movements for the periods between April 1, 2022 and 2021 and March 31, 2023 and 2022.

The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Chile.

### 2.3.1 Responsibility for the information and estimates made.

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

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

## 2.4 Basis for Consolidation

### 2.4.1 Ascend Laboratories SpA Group

As of March 31, 2023 and 2022, Ascend Laboratories SpA has direct control over subsidiaries.

Ascend Laboratories SpA has consolidated all the companies on which it has control over its business operation in its consolidated financial statements.

The table below shows that Ascend Laboratories SpA Group comprises an entity subsidiary, type of company, country and functional currency:

Entities	Type	Country	Functional Currency	03.31.2023 %	03.31.2022 %
Ascend Laboratories SpA	Parent Company	Chile	Chilean \$	-	
Pharma Network SpA	Subsidiary	Chile	Chilean \$	100%	100%
Ascend Laboratories SA de CV	Subsidiary	México	Mexican \$	100%	100%

## 2.5 Functional and presentation currency

The functional currency of the Company has been defined as the currency of the primary economic environment in which the entity operates. All transactions which are not in the functional currency are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies have been translated at the closing rates of exchange. Foreign exchange gains or losses are included in the net profit and loss account for the year under the line item 'Exchange rate differences'.

The Company's functional currency is the Chilean Peso. Items within the consolidated statement of comprehensive income for entities that have a functional currency other than the Chilean Peso are translated at average rates of exchange. Items within the consolidated statement of financial position are translated at the closing rates of exchange.

## 2.6 Basis of translation

The assets and liabilities in Chilean pesos and Indexed Units of Account (known as Unidades de Fomento in Chile) are translated using the exchange rate at the date of the consolidated financial statements according to the following table:

	03.31.2023 \$	Monthly Average	03.31.2022 \$	Monthly Average
U.S. Dollar	790.41	809.50	787.98	799.19
Unidad de fomento (UF)	35,575.48	35,579.62	31,724.67	31,669.70
Peso Mexicano (MXP)	18.10	18.40	19.87	20.56

## 2.7 Revenue recognition

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

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

## 2.8 Finance costs

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

## 2.9 Income tax and deferred taxes

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

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

On September 29, 2014, Law N° 20.780, "Tax Reform to modify the Income Tax system and to introduce various adjustments to the tax system," was published in the Official Gazette.

Among the main changes introduced, this particular law adds a new, semi-integrated taxation system, which can be used alternatively in relation to the integrated regime of attributed income. Taxpayers are free to choose either in order to pay their taxes.

In the case of Ascend Laboratories SpA, as a general rule prescribed by law, the semi-integrated system is applied, even though a future Shareholders' Meeting could choose the attributed income system. The semi-integrated system establishes the progressive increase of the first-category tax rate for the business years 2014, 2015, 2016, 2017, 2018 and 2019, to 21%, 22,5%, 24%, 25,5%, 27% and 27%, respectively.

## 2.9 Income tax and deferred taxes (continued)

Deferred tax: is recognized in interim differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the related tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable interim differences. Deferred tax assets are generally recognized for all deductible interim differences to the extent that it is probable that taxable profits will be available against which such deductible interim differences can be utilized. Such deferred tax assets and liabilities are not recognized if the interim difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the interim difference arises from the initial recognition of goodwill.

## 2.10 Property, Plant and Equipment

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

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

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

The main items of property, plant, and equipment and their respective useful lives are presented below:

Class of assets	Financial Useful Life Years
Furniture and office equipment	10
Computer equipment	3 - 6
Vehicles	8

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

## 2.11 Intangible assets

Intangible assets with finite useful lives that are carried at cost minus the accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The main items of intangible assets and their respective useful lives are presented below:

Class of assets	Financial Useful Life Years
Computer software	2 - 6
Right of use	Throughout the lease term
Trademarks & patents	5

## 2.12 Impairment of tangible and intangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher one between fair value minus the costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

## 2.13 Inventories

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

The provision for the Group's obsolete inventory policy comprises the following criteria: All the goods kept in the inventory with expiration date less than less than 6 -months, require a 100% provision for obsolete inventory.

## 2.14 Trade creditors

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

In order to calculate the amount of impairment, Management conducts qualitative and quantitative analyses to periodically assess particular scenarios and subjects likely mainly those balances with overdue customers for more than 1 year, require a 100% allowance as bad debts.

## 2.15 Bank overdrafts and loans

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

## 2.16 Provisions for employee benefits

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



## 2.17 Dividend Distribution Policy

The distribution of dividends to shareholders is recognized as a liability in the period in which the dividends are approved by shareholders.

## 2.18 Capital Stock

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

## 2.19 Provisions

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

## 2.20 Expense for the Insurance of Goods and Services

Payments of several insurance policies purchased by the Group are recognized in expenses, in proportion to the period of time covered, regardless of the payment term. Amounts paid but not consumed are recognized as other non-financial assets in current and non-current assets, as appropriate.

Once known, the costs of a claim (an insured event) are recognized in profit or loss. Recoverable amounts are recorded in trade and other receivables as an asset receivable from insurance companies, which are calculated in accordance with the terms specified in the insurance policy, once all the conditions that guarantee its recovery have been fulfilled.

## 2.21 Advertising Expenses

Advertising expenses are recognized as a revenue discount as accrued.

## 2.22 Leases

Adoption of IFRS 16 is effective as of January 1, 2019 and, as a result, it has modified its accounting policy for lease contracts in relation to the lessee.

IFRS 16 introduced a single accounting model in the consolidated statement of financial position of lessees. As a result of this, right-of-use assets have been recognized, which represent the right to use underlying assets and lease liabilities that represent the obligation to make lease payments.

### 2.22.1 Definition of a lease

#### 2.22.1.1 When the Group is the Lessee in a Finance Lease

A lease is classified as a finance lease if the lessor transfers substantially a significant portion of the risks and rewards of ownership of the asset to the lessee.

The lessee records each item in the consolidated financial statements, as well as the appropriate lease liability.

#### 2.22.1.1 When the Group is the Lessee in a Finance Lease (continued)

The outstanding balance and interest are taken to profit or loss when lease payments are made. Items of property, plant and equipment acquired through leases are treated under the general standards of IAS 16, as appropriate, where the amount and nature of such items are reported in a note to the consolidated financial statements.

#### 2.22.1.2 When the Group is the Lessee, in an Operating Lease

Leases not included under IFRS 16, is classified as an operating lease when the lessor retains a significant portion of the risk and rewards of ownership of the asset. Operating leases expenses are recognized on a monthly accrual basis according to the realization value of the contract, recording the value directly to expense, leaving the account payable accrued for its respective payment.

Operating lease expenses are recognized on an accrual basis in the consolidated statement of income using the straight-line method over the lease term.

#### 2.22.2 Lessee under IFRS 16

In the analysis performed by the Group, lease contracts were identified for property used for administrative, customer service and operations plant purposes.

The Group previously classified leases as either operating leases or finance leases in relation to its evaluation about whether the lease transferred substantially all risks and rewards to the ownership of the underlying asset in accordance with IAS 17. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities; that is to say, such assets are presented in the consolidated statement of financial position.

The Group presents the right of use on the asset denominated with the same name and the lease liability in Other financial liabilities, current and non-current.

The Group recognizes a right to use the assets and a lease liability at the date when the lease begins. The right to use the asset is initially measured at the cost and, later, at the cost less any accumulated depreciation and impairment losses and then adjusted for certain new measurements of the lease liability in accordance with the Group's accounting policies.

The lease liability is initially measured at the current value of lease payments which are not made at the date when the lease begins, discounted using the lease implicit interest rate or, if that rate cannot be determined easily, the debt rate of each entity of the Group. The lease liability is subsequently increased for the cost of interest on it and is reduced through the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate or in the estimate of the amount that is expected to be paid.

The Group has applied judgment to determine the lease term for lease contracts in which there is an option of renewal. The evaluation about whether the Grupo is reasonably sure to use such options has an impact on the lease term, which significantly affects the number of lease liabilities and the recognized right-of-use assets.

### 3 New accounting pronouncements

a) Standards, interpretations and amendments applied as of the 2022 - 2023 periods.

Standards, Interpretations and Amendments	Date Issued	Effective Date
<p><b><u>Amendments to IAS 1</u></b> (Classification of Liabilities as Current or Non-current).</p> <p>The classification of a liability is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability for twelve months at least, after the reporting period. If a liability meets the criteria of paragraph 69 for the classification as non-current, then it is classified as non-current, even if Management has the intention to, or expects that the entity settles the liability within twelve months of the reporting period, or even if the entity settles the liability between the end of the reporting period and the date the financial statements have been authorized for issuance. However, in any of these circumstances, the entity may need to disclose information about the time of the settlement to enable users of its financial statements to understand the impact of the liability on the entity's financial position.</p>	January 2020	<p>Effective for annual periods beginning on or after January 1, 2022, retrospectively, in accordance with IAS 8.</p> <p>Early application is permitted.</p>
<p><b><u>Amendments to IFRS 3</u></b> – Reference to the Conceptual Framework.</p> <p>The amendments introduce changes to the name of the conceptual framework and, specifically, to the definitions of contingent assets and liabilities in relation to their recognition.</p>	May 2020	Effective for annual periods beginning on or after January 1, 2022.
<p><b><u>Amendments to IAS 37</u></b> – Onerous Contracts – Cost of Fulfilling a Contract.</p> <p>The cost of fulfilling a contract comprises the costs directly relating to the contract. The costs directly relating to a contract are:</p> <p>(a) The incremental cost of fulfilling a contract; for example, direct labor and materials, and</p> <p>(b) The allocation of other costs directly relating to the fulfillment of contracts; for example, allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract, among others.</p>	May 2020	Effective for annual periods beginning on or after January 1, 2022.
<p><b><u>Amendments to IAS 16</u></b> – Proceeds Before Intended Use.</p> <p>These amendments define, for example, the cost directly attributable: "The costs of testing whether the asset works correctly (that is to say, test if the technical and physical performance of an asset is such that it is capable of being used for production or the rendering of services, leased to third parties or for administrative purposes)".</p> <p>It also adds:</p> <p>Items can be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by Management (such as samples produced when the asset is tested to see if it works correctly). An entity recognizes revenue from the sales of such items, as well as their cost, in profit or loss in accordance with applicable standards. The entity measures the cost of these items applying the measurement requirements of IAS 2.</p>	May 2020	Effective for annual periods beginning on or after January 1, 2022.

The initial application of this pronouncements has had no significant effects on the Group. Criteria applied in the 2022-2023 period have not changed in relation to the previous period.

## b) Standards, interpretations and amendments issued but not yet effective.

Standards, Interpretations and Amendments	Date Issued	Effective Date
<p><b><u>IFRS 17. Insurance Contracts</u></b></p> <p>This IFRS replaces IFRS 4, which provided entities with a variety of choices to account for insurance contracts, which represented multiple different approaches. This made things complex when comparing entities in the same industry. IFRS 17 solves this problem by requiring that all insurance contracts be accounted for in a consistent manner, which benefits both the investors and insurance companies. Insurance obligations will be accounted for using current values instead of the historical cost. The information will be updated on a regular basis providing users of financial statements with more useful information.</p>	May 2017	<p>Effective for annual periods beginning on or after January 1, 2023.</p> <p>Early adoption permitted for entities that use IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers, before the date of first application of IFRS 17.</p>
<p><b><u>Amendments to IFRS 17</u></b> – Insurance Contracts.</p> <p>The amendments to IFRS 17 were made to:</p> <ol style="list-style-type: none"> <li>Reduce costs by simplifying some of the requirements to reduce the costs of applying IFRS 17 to companies, including system development costs.</li> <li>Make results easier to explain in revising some of the requirements to address the concerns that results originally issued and applicable to IFRS 17 are difficult to explain in certain circumstances; for example, because they are perceived to cause accounting errors.</li> <li>Facilitate the transition when extending the period available for companies to be prepared for the first-time application of IFRS 17 and the period for some insurance companies to be prepared for the first-time application of IFRS 9, Financial Instruments.</li> </ol>	July 2020	<p>Effective for annual periods beginning on or after January 1, 2023.</p>
<p><b><u>Classification of Liabilities as Current or Non-current</u></b> — Deferral of Effective Date. Amendments to IAS 1.</p> <p>The main issue relates to the conditions to be considered in classifying liabilities as current or non-current. The amendments aim to specify the conditions set out in the original standard.</p>	July 2020	<p>Effective for annual periods beginning on or after January 1, 2023.</p>
<p><b><u>Amendments to IAS 8</u></b> – Definition of Accounting Estimates.</p> <p>Accounting estimates are monetary amounts in the financial statements which relate to uncertainty in its measurement.</p> <p>An accounting policy may require that items in the financial statements be measured in such a way that the measurement will imply uncertainty. That is to say, the accounting policy may require that such items be measured by monetary amounts which cannot be observed directly and which must be then estimated. In such a case, an entity makes an accounting estimate to achieve the objective established by the accounting policy. Making accounting estimates implies the use of judgments or assumptions. Estimates imply judgments based on the latest reliable information available.</p>	February 2021	<p>Effective for annual periods beginning on or after January 1, 2023. Early application is permitted.</p>
<p><b><u>Disclosure of Accounting Policies</u></b></p> <p>Amendments to IAS 1 and IFRS Practice Statement 2.</p>	February 2021	<p>Effective for annual periods beginning on or after January 1, 2023. Early application is permitted.</p>

**Amendments to IAS 12**

Deferred tax related to assets and liabilities arising from a single transaction.

May 2021

Effective for annual periods beginning on or after January 1, 2023. Early application is permitted.

The amendments reduce the initial recognition exemption in paragraphs 15 and 24 of IAS 12. Under the proposed amendments, the initial recognition exemption in IAS 12 would not apply to transactions that give rise to equal and offsetting amounts of taxable and deductible temporary differences.

A transaction which is not a business combination may give rise to the recognition of an asset and a liability and, at the time of transaction, affect neither accounting profits nor taxable income. For example, upon commencement of a lease, a lessor usually recognizes a lease liability and the respective amount as part of the cost of a right-of-use asset. Depending on the applicable Tax Law, equal taxable and deductible temporary differences may arise at initial recognition for such transaction. The exemption expected in paragraphs 15 and 24 is not applied to such temporary differences and an entity will recognize any resulting deferred liabilities or tax assets.

Company Management believes that the adoption of the accounting pronouncements above, which could be applicable to the Group, will have no significant impact on the Group's consolidated financial statements when first applied, which are being currently evaluated.

#### **4 Financial risk management**

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

Among the various risk factors affecting the Group's entities, including the COVID-19 pandemic, and the way it manages such risks, we can mention:

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

b) Liquidity risk

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

The majority of the Company's Trade receivables are due for maturity within 60 -120 days from the date of billing to the customer. Further, the general credit terms for Trade payables are approximately 120 days. The difference between the above-mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Company. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

- Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimates interest payment and exclude the impact of netting agreements.

<u>31st March, 2023</u>	<u>Contractual cash flows</u>						
	<u>Carrying amount</u>	<u>Total</u>	<u>2 months or less</u>	<u>2-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>TH\$</b>							
<u>Non-derivative financial liabilities</u>							
<b>Trade and other payables</b>	21,061,732	21,061,732	13,312,524	7,749,208	-	-	-
<b>Other financial liability</b>	9,267,859	9,267,859	7,463,476	292,889	544,250	823,536	143,708

<u>31st March, 2022</u>	<u>Contractual cash flows</u>						
	<u>Carrying amount</u>	<u>Total</u>	<u>2 months or less</u>	<u>2-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>TH\$</b>							
<u>Non-derivative financial liabilities</u>							
Trade and other payables	20,639,286	20,639,286	9,999,223	10,640,063	-	-	-
Other financial liability	8,747,932	8,747,932	698,571	6,247,372	308,503	795,324	698,162

c) Market risk

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

- Currency risk

The Company is exposed to currency risk on account of its loans and accounts payables in foreign currency. The functional currency of the Company is Chilean peso. The Company has exposure to USD. The Company has not hedged this foreign currency exposure.

The currency profile of financial liabilities as at March 31, 2023 and March 31, 2022 are as below:

	<b>March, 31 2023 Th-\$</b>
<b>Financial liabilities</b>	
Accounts payable to related parties-net	<b>16,586,858</b>
Accounts payable to foreign suppliers	<b>1,194,009</b>
<b>Total</b>	<b>17,780,867</b>

March,  
31 2022  
Th-\$

**Financial liabilities**

Accounts payable to related parties-net	16,721,030
Accounts payable to foreign suppliers	854,132
<b>Total</b>	<b>17,575,162</b>

- Sensitivity analysis

A reasonably possible strengthening (weakening) of the Chilean pesos (Local currency) against various foreign currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in Chilean pesos March 31, 2023 10% movement CLP Th \$	Profit or loss		Equity, net of tax	
	<u>Strengthening</u>	<u>Weakening</u>	<u>Strengthening</u>	<u>Weakening</u>
	<b>1,778,086</b>	<b>(1,778,086)</b>	<b>1,298,003</b>	<b>(1,298,003)</b>
	<b>1,778,086</b>	<b>(1,778,086)</b>	<b>1,298,003</b>	<b>(1,298,003)</b>

  

Effect in Chilean pesos March 31, 2022 10% movement CLP Th \$	Profit or loss		Equity, net of tax	
	<u>Strengthening</u>	<u>Weakening</u>	<u>Strengthening</u>	<u>Weakening</u>
	1,757,515	(1,757,515)	1,282,986	(1,282,986)
	1,757,515	(1,757,515)	1,282,986	(1,282,986)

## 5 Disclosures of the judgments that management had pronounced when applying the entity's accounting policies.

In applying the Company's accounting policies described in Note 2, Management makes estimates and judgments relating to the future of book value of assets and liabilities. The estimates and judgments associated are based on historical experience and other factors deemed relevant. The current results could differ from such estimates.

Management necessarily makes judgments and estimates which have a significant effect on the figures presented in the consolidated financial statements. Changes in assumptions and estimates could have a significant impact on the consolidated financial statements. Estimates and critical judgments used by Management are detailed as follows:

a) Useful life of property, plant, and equipment

The Company determines the estimated useful life and the related charges for depreciation of its fixed assets. Such estimate is based on the life cycles of its operations according to the historic experience and the industry's environment.

b) Useful life of intangible assets

Intangible assets are presented at acquisition cost less accumulated depreciation. Depreciation is calculated using the straight-line method considering the estimated these assets, about 2 to 6 years life.

## 6 Cash and cash equivalents

Cash and cash equivalents correspond to the cash balances held in cash and bank current accounts, time deposits and other liquid investments maturing within less than 90 days. The composition of cash and cash equivalents at the dates indicated is as follows:

	2023 Th\$	2022 Th\$
Cash	226	428
Balance at Banco Itaú CLP	277,428	22,367
Balance at Banco BBVA USD	17,569	40,791
Balance at Banco BBVA MXN	20,675	50,379
Balance at Banco Chile CLP	131,302	4,387
Balance at Banco Chile USD	32,528	13,497
Balance at HSBC CLP	12,820	8,934
Balance at HSBC USD	1,644,680	193,076
Balance at Estado CLP	1,356	1,407
Total	2,138,584	335,266

## 7 Trade debtors and other accounts receivables, net

a) The composition of trade debtors and other accounts receivables at the dates indicated is as follows:

	2023 Th\$	2022 Th\$
Bill's receivable	17,851,531	10,504,671
Note's receivable	1,178	1,178
Funds to pay	404	716
Current account customs agent	6,516	33,115
Advances to suppliers	175,189	76,494
Accounts receivable from employees	61,900	91,600
Provision for doubtful debts	(278,626)	(348,597)
Total	17,818,092	10,359,177

b) As of March 31, 2023 and 2022, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

	2023 Th\$	2022 Th\$
Chile	17,851,531	10,504,671
Total	17,851,531	10,504,671

As of March 31, 2023 and 2022, the Company had exposure to only one type of counter party. As of March 31, 2023 the Company had a significant customer. Socofar S.A.'s balance was 44% (44% as 2022) of the total receivables.



## c) Impairment:

As of March 31, 2023 and 2022, the ageing of unimpaired trade receivables:

	2023 Th\$	2022 Th\$
Neither past due nor impaired	14,929,817	8,779,314
Past due 1–180 days	2,422,999	1,107,405
Past due more than 180 days	498,715	617,952
<b>Total</b>	<b>17,851,531</b>	<b>10,504,671</b>

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available. Therefore, the Company recognized an allowance for doubtful debts for more than 365 days.

**8 Related-party balances and transactions, net**

## a) Accounts payable to related entities.

<u>Company</u>	<u>Concept</u>	<u>Currency</u>	<u>Relationship</u>	2023 Th\$	2022 Th\$
Alkem Laboratories Ltd.	Trade Payable-Ascend Laboratories	Pesos	Shareholder	16,574,358	16,717,482
Alkem Laboratories Ltd.	Trade Payable-Pharma Network	Pesos	Ultimate Holding company	12,500	3,548
<b>Total</b>				<b>16,586,858</b>	<b>16,721,030</b>

## b) Other receivables from related entities.

<u>Company</u>	<u>Concept</u>	<u>Currency</u>	<u>Relationship</u>	2023 Th\$	2022 Th\$
Alkem Laboratories Ltd.	Other Receivables-Ascend Laboratories SpA (Chile)	Pesos	Shareholder	6,805	6,805
Alkem Laboratories Ltd.	Other Receivables-Ascend Laboratories SA de CV (México)	Pesos	Ultimate Holding company	358,520	268,456
<b>Total</b>				<b>365,325</b>	<b>275,261</b>

The balance as of March 31, 2023 was presented net in accounts payable with related companies.

c) Transactions with related parties

The transactions and their effect on results on 2023 are as follows:

<u>Relationship</u>	<u>Concept</u>	<u>Transaction Amount 2023 Th\$</u>	<u>Effect on results 2023 Th\$</u>
Shareholder	Purchases	13,509,157	(13,509,157)
Shareholder	Freight charges	543,831	(543,831)
Shareholder	Corporate Guarantee Commission - Ascend Laboratories	42,969	(42,969)
Ultimate Holding Company	Corporate Guarantee Commission - Pharma Network	5,732	(5,732)
Shareholder	Reimbursement of expenses SBLC Charges-Ascend Laboratories	150,718	(150,718)
Ultimate Holding Company	Reimbursement of expenses SBLC Charges-Pharma network	12,461	(12,461)
Ultimate Holding Company	Reimbursement of expenses - Ascend Laboratories SA de CV	89,327	(89,327)

The transactions and their effect on results on 2022 are as follows:

<u>Relationship</u>	<u>Concept</u>	<u>Transaction Amount 2022 Th\$</u>	<u>Effect on results 2022 Th\$</u>
Shareholder	Purchases	22,266,307	(22,266,307)
Shareholder	Freight charges	617,623	(617,623)
Shareholder	Corporate Guarantee Commission - Ascend Laboratories	37,490	(37,490)
Ultimate Holding Company	Corporate Guarantee Commission - Pharma Network	6,022	(6,022)
Shareholder	Reimbursement of expenses SBLC Charges-Ascend Laboratories	127,637	(127,637)
Ultimate Holding Company	Reimbursement of expenses SBLC Charges-Pharma network	8,501	(8,501)
Ultimate Holding Company	Reimbursement of expenses - Ascend Laboratories SA de CV	268,456	(268,456)

d) Board of Directors and Management

The Company is represented by the shareholder Alkem Laboratories Ltd. For this purpose, Alkem Laboratories Ltd. may appoint one or more agents by deed, who may act according to the powers to be granted.

e) Remuneration of Senior Management

The total remuneration of senior management on March 31, 2023 and 2022 was TH 287,283 and TH 293,091, respectively.

## 9 Inventories, net

The composition of inventories, net is as follows:

	2023 Th\$	2022 Th\$
Finished goods	14,267,464	17,822,822
Provision for obsolete inventory	(532,262)	(260,307)
Total	13,735,202	17,562,515

The cost of inventories recognized as an expense during the year in respect of continuing operations was as follows:

	2023 Th\$	2022 Th\$
Inventories recognized as an expense	30,774,946	25,104,034
Total	30,774,946	25,104,034

## 10 Current tax assets and liabilities, net

a) The detail of current tax assets is as follows:

	2023 Th\$	2022 Th\$
VAT Credit	917,755	1,875,285
Monthly provisional payment	324,251	864,879
Recoverable taxes	7,468	2,923
Tax debit	(1,510,603)	(739,420)
Total	(261,129)	2,003,667

b) The detail of current tax liabilities is as follows:

	2023 Th\$	2022 Th\$
Income tax payable	1,328,552	642,428
Total	1,328,552	642,428

## 11 Bank guarantees receivables, non-current

The account balance as of March 31, 2023 and 2022 is Th\$ 28,146 and Th\$ 48,358, respectively, which corresponds to the guarantees that are required for the Company to participate in the various bidding processes with institutions of Public Health of Chile to which provides it serves.

## 12 Other intangible assets-net

The composition of other intangible assets is as follows:

	2023 Th\$	2022 Th\$
Software, net	3,971	7,794
Right of used, net (1)	1,693,772	1,931,328
<b>Total</b>	<b>1,697,743</b>	<b>1,939,122</b>

- (1) Operating lease agreements  
Within the operating lease contracts, mainly the leases of administrative offices and for warehouse were identified. In the transition, for leases classified as operating leases under IAS 17, the lease liabilities were measured at the present value of the remaining lease payments, discounted at the indebtedness rate as of January 1, 2019. The discount rate applied is it is around 3.14% (30-day basis indebtedness rate).

The right to use the assets was measured as if IFRS 16 had been applied from the start date, discounted using the lessee's debt rate on the date of initial application, January 1, 2019.

## 13 Property, plant and equipment, net

The composition of the account is as follows:

### a) As of March 31, 2023:

<u>Class of Property, plant and equipment</u>	<u>Cost</u> Th\$	<u>Accumulated depreciation</u> Th\$	<u>Net value</u> Th\$
Installations – Facilities	423,824	(110,953)	312,871
Furniture and office equipment	72,340	(17,048)	55,292
Computer and quality control equipment	416,262	(73,786)	342,476
Vehicles	41,903	(14,987)	26,916
Machinery	162,022	(37,498)	124,524
Work in progress	14,684	-	14,684
Other fixed assets	219,042	(76,679)	142,363
<b>Totals of property, plant and equipment</b>	<b>1,350,077</b>	<b>(330,951)</b>	<b>1,019,126</b>

b) As of March 31, 2022:

<u>Class of Property, plant and equipment</u>	<u>Cost</u> Th\$	<u>Accumulated depreciation</u> Th\$	<u>Net value</u> Th\$
Installations – Facilities	235,619	(66,388)	169,231
Furniture and office equipment	23,909	(10,825)	13,084
Computer and quality control equipment	54,938	(27,428)	27,510
Vehicles	41,903	(4,664)	37,239
Machinery	104,767	(23,970)	80,797
Work in progress	424,176	-	424,176
Other fixed assets	190,538	(55,442)	135,096
<b>Totals of property, plant and equipment</b>	<b>1,075,850</b>	<b>(188,717)</b>	<b>887,133</b>

c) The movement for the periods in property, plant and equipment is as follows:

<u>Movement 2023</u>	<u>Installations - Facilities</u> Th\$	<u>Furniture and office equipment</u> Th\$	<u>Computer and quality control equipment</u> Th\$	<u>Vehicles</u> Th\$	<u>Machinery</u> Th\$	<u>Other</u> Th\$	<u>Totals</u> Th\$
Balance as of April 1, 2022	169,231	13,084	27,510	37,239	80,797	559,272	887,133
Reclassifications	119,367	-	290,125	-	-	(409,492)	-
Additions	68,838	48,432	71,199	-	57,255	28,504	274,228
Other movements	-	-	-	-	-	-	-
Depreciation expense	(44,565)	(6,224)	(46,358)	(10,323)	(13,528)	(21,237)	(142,235)
<b>Balance as of March 31, 2023</b>	<b>312,871</b>	<b>55,292</b>	<b>342,476</b>	<b>26,916</b>	<b>124,524</b>	<b>157,047</b>	<b>1,019,126</b>

<u>Movement 2022</u>	<u>Installations - Facilities</u> Th\$	<u>Furniture and office equipment</u> Th\$	<u>Computer and quality control equipment</u> Th\$	<u>Vehicles</u> Th\$	<u>Machinery</u> Th\$	<u>Other</u> Th\$	<u>Totals</u> Th\$
Balance as of April 1, 2021	155,877	14,110	23,997	4,808	91,274	160,859	450,925
Reclassifications	-	-	-	-	-	-	-
Additions	37,881	1,147	13,405	40,694	-	416,426	509,553
Other movements	-	-	-	(5,682)	-	-	(5,682)
Depreciation expense	(24,527)	(2,173)	(9,892)	(2,581)	(10,477)	(18,013)	(67,663)
<b>Balance as of March 31, 2022</b>	<b>169,231</b>	<b>13,084</b>	<b>27,510</b>	<b>37,239</b>	<b>80,797</b>	<b>559,272</b>	<b>887,133</b>

**14 Income tax and deferred taxes-net**

a) Profit (loss) for Income tax recognized in comprehensive income

	<b>2023</b>	<b>2022</b>
	<b>Th\$</b>	<b>Th\$</b>
Current tax	<b>(743,771)</b>	(409,524)
Deferred tax	<b>299,584</b>	(43,240)
<b>Total</b>	<b>(444,187)</b>	(452,764)

The reconciliation of the legal rate of income tax and the effective rate expressed as a percentage of profit before tax is:

<u>Particulars</u>	<b>31st March, 2023 %</b>	<b>31st March, 2023 Th\$</b>	<b>31st March, 2022 %</b>	<b>31st March, 2022 Th\$</b>
Profit before tax		<b>2,243,177</b>		1,927,757
Tax at statutory rate	<b>27%</b>	<b>605,658</b>	27%	520,494
Effect of expenses that are not deductible in determining taxable profit	<b>-3,34%</b>	<b>(74,923)</b>	-3,89%	(74,923)
Others (including adjustments)	<b>-3,86%</b>	<b>(86,548)</b>	0,37%	7,193
<b>Effective tax rate</b>	<b>19,80%</b>	<b>444,187</b>	23,49%	452,764

b) Deferred tax assets and liabilities in each year are as follows:

<u>Temporary differences</u>	<b>2023</b>	<b>2022</b>
	<b>Th \$</b>	<b>Th \$</b>
Provision for vacation	<b>18,412</b>	20,195
Provision for publicity	<b>453,434</b>	324,677
Provision for obsolete stock	<b>168,060</b>	71,167
Tax losses carry forward	<b>227,861</b>	112,176
Provision for expenses	<b>187,965</b>	266,582
Provision for doubtful	<b>128,115</b>	94,121
Property, plant and equipment	<b>33,224</b>	12,153
Other	<b>24,005</b>	39,797
<b>Total temporary differences - assets</b>	<b>1,241,076</b>	940,868

<u>Temporary differences</u>	<b>2023</b>	<b>2022</b>
	<b>Th \$</b>	<b>Th \$</b>
Property, plant and equipment	-	-
<b>Total temporary differences – liabilities</b>	-	-
<b>Net deferred tax</b>	<b>1,241,076</b>	940,868

## 15 Other financial liabilities, current

The composition of other financial liabilities is as follows:

	2023	2022
	Th\$	Th\$
Bank overdraft facilities	7.407.414	649.096
Loans / Borrowings	-	5.999.997
Other financial liabilities under IFRS 16	1.860.445	2.098.839
Total	9.267.859	8.747.932

The facilities are lent by Banco De Chile and are comprised by a Fund Based facility (overdraft/working capital credits), which amounts Th\$ 10.000,000 as of March 31, 2022. The purpose of this facility is Working Capital which is provided as a Corporate Guarantee from Alkem Laboratories Limited India. Interest rate: Tab30+0,083% monthly.

The loan obtained from Banco de Chile was paid during 2022.

Other financial liabilities under IFRS 16 amounting to on March 31, 2023 and 2022 was Th\$ 1,860,445 and Th\$ 2,098,839, respectively.

## 16 Trade and other payables

The composition of trade and other payables is as follows:

	2023	2022
	Th\$	Th\$
Trade payables	1.962,328	1,472,535
Advances received from customers	104,683	95,697
Withholding taxes	775	822
Fees payable	3,384	1,764
Provision expenses	2,403,704	2,347,438
Total	4,474,874	3,918,256

Management performs an analysis of expected cash flows in order to obtain the degree of liquidity necessary for the fulfillment of obligations. The average term of payment of trade payables is 120 days.

## 17 Provision for employee benefits

Provisions determined for each period are as follows:

	2023	2022
	Th\$	Th\$
Provision for vacation leave	68,193	74,799
Total	68,193	74,799

## 18 Stockholders' equity

a) The shareholding structure during the periods ended 2022 and 2021 is as follows:

Stockholder	2023		2022	
	Shares	Participation %	Shares	Participation %
Alkem Laboratories Ltda.	5,427	100.00	5,427	100.00
Total	5,427	100.00	5,427	100.00

Pursuant to ruling by the Extraordinary Shareholders' Meeting of February 25, 2016 it was agreed to increase the share capital of Th\$ 1,000 divided into 1,000 registered shares, all in a single series and without nominal value, to the sum of Th\$ 1,037, divided into 1,000 registered shares, all in a single series and without nominal value. The capital increase of Th\$ 37 corresponds to the capitalization of revaluation of equity.

In addition, it was agreed to increase the share capital of Th\$ 1,037 to the sum of Th\$ 1,400,000 divided into 1,400,000 registered shares, all in a single series and without nominal value. The capital increase of Th\$ 1,398,963, learns by issuing 1,399,000 new shares for payment, with similar characteristics to existing, at an approximate value of \$ 999.97 per share payment, representing the sum Th\$ 1,398,963, which are fully subscribed by Alkem Laboratories Ltd., the sole shareholder of the Company, and will be paid in cash within five years from the date of the Extraordinary Shareholders' Meeting.

At an Extraordinary Shareholders' Meeting held on September 7, 2016, it was agreed to reduce the number of shares issued by the Company at the Shareholders' Meeting of February 25, 2016, which represent 100% of the equity capital increase, from 1,399,000 registered shares, all of the same series with no par value, to 2,513 shares with the same characteristics.

In order to reduce the 1,399,000 shares issued through the capital increase above to the 2,153 to be issued, Company shareholder, as per the approved modifications, will receive 2,153 new shares in exchange for the current 1,399,000 shares.

As a consequence of the agreements reached, the company capital amounts to Th\$1,400,000, split into 3,153 registered shares, all of the same series with no par value, which is to be subscribed, completed and paid as follows:

- i. Through the Company's seed capital of Th\$1,000, split into 1,000 registered shares, all of the same series with no par value, which have been fully subscribed and paid for.
- ii. Through Th\$37, which correspond to the capitalization of the revaluation of paid-in capital related to the 2015-period.
- iii. Through Th\$ 1,398,963 for 2,153 registered shares, all of the same series with no par value, which represent the capital increase agreed at the Extraordinary Shareholders' Meeting of February 25, 2016, which is to be paid in cash within a period of five years as of the date of the Shareholders' meeting mentioned above.

At an Extraordinary Shareholders' Meeting held on June 2<sup>nd</sup>, 2017, it was agreed to increase the share capital of Th\$ 1,400,000 to the sum of Th\$ 2,914,178 divided into 5,427 registered shares, all in a single series and without nominal value. The capital increase of Th\$ 1,514,178, learns by issuing 2,274 new shares for payment, with similar characteristics to existing, at an approximate value of Th\$ 669 per share payment, representing the sum Th\$ 1,514,178, which are fully subscribed and paid by Alkem Laboratories Ltd., the sole shareholder of the Company, through the capitalization of the credit which the shareholder owns against the Company.



- b) The Company has made no dividend payments in 2023 and 2022.
- c) At the date of the financial statements, the Company has a subscribed and paid-in capital of Th\$ 2,914,178, retained losses Th\$ 1,349,025, other reserves Th\$ 34,036, and profit for the period for Th\$ 1.798.990.

## 19 Revenues

- a) Revenues on March 31, 2023 and 2022 are as follows:

	2023 Th\$	2022 Th\$
Revenues from sales	38,057,197	31,960,933
Totals	38,057,197	31,960,933

- b) The Company is in the pharmaceutical business. As the Company has a single reportable segment, the segment wise disclosure requirements of IFRS 8 on Operating Segment is not applicable. In compliance to the said standard, Geography-Wise disclosures are as under:

- Revenues from external customers attributed to the country of domicile and attributed to all foreign countries from which the company derives revenues:

	2023 Th\$	2022 Th\$
Revenue from the country of domicile - Chile	38,057,197	31,960,933
Revenue from foreign countries	-	-
Totals	38,057,197	31,960,933

- The Company did not have any external revenue from a particular customer or particular product which exceeded 10% of total revenue.

## 20 Cost of sales and Administration expenses

- a) Cost of sales, as of March 31, 2023 and 2022, consist of the following:

	2023 Th\$	2022 Th\$
Cost of sales	29,860,199	24,394,714
Pharmaceutical records	239,734	200,712
Freights	664,235	499,786
Brand registration	10,778	8,822
Total	30,774,946	25,104,034

b) Administration expenses, at March 31, 2023 and 2022, consist of the following:

	2023 Th\$	2022 Th\$
Remunerations	1,627,843	1,437,061
Quality control	485,392	709,294
Logistics operator costs	825,318	740,481
Amortization	338,649	317,221
Office expenses	390,941	173,433
Promotional activities	444,068	211,156
Personal expenses	244,462	158,581
General expenses	153,591	157,916
Depreciation	142,235	70,608
Fees and services of others	71,889	51,965
Impairment of doubtful debtors	(69,971)	(142,844)
Directory fees	43,567	74,767
Commercial expenses	53,488	61,849
Non-deductible expenses	65,165	95,213
Vacations leave	8,956	31,178
Insurance expenses	52,587	40,781
Technical advisories	20,545	39,875
Legal expenses	55,478	61,357
Expenses for external services	44,634	14,947
Travel expenses	64,660	62,491
Leases	58,036	20,117
Security services	13,304	11,748
Maintenances	17,454	15,304
Messaging	5,334	3,039
Subscriptions and publications	369	1,823
Representation expenses	10,049	705
<b>Total</b>	<b>5,168,043</b>	<b>4,420,066</b>

## 21 Finance expenses

The composition of financial expenses for the periods ended March 31, 2023 and 2022 is as follows:

	2023 Th\$	2022 Th\$
Other bank interests	(742,419)	(413,998)
Interest under IFRS 16	(68,958)	(72,529)
<b>Totals</b>	<b>(811,377)</b>	<b>(486,527)</b>

## 22 Other gains (losses)

The detail of other gains (losses) for the periods ended March 31, 2023 and 2022 is as follows:

	2023 Th\$	2022 Th\$
Fines paid	112,034	224,187
Other expenses	219,723	79,013
Other incomes	-	-
<b>Totals</b>	<b>331,757</b>	<b>303,200</b>

**23 Exchange rate differences, net**

Profit (loss) for exchange rate recognized for the periods ended March 31, 2023 and 2022 is as follows:

	2023 Th\$	2022 Th\$
Profit for exchange rate differences	1,762,525	1,034,056
Loss for exchange rate differences	(1,306,266)	(1,418,685)
<b>Total</b>	<b>456,259</b>	<b>(384,629)</b>

**24 Contingencies, legal proceedings and restrictions**

As of March 31, 2023, there are no other contingencies to report.

**25 Pledges from third parties**

As of March 31, 2023, there are no pledges obtained from third parties to report.

**26 Environment**

The Company has not made disbursements for environmental activities.

**27 Payment to auditors**

The detail of auditors' fees for the periods ended March 31, 2023 and 2022 is as follows:

<b>Particulars</b>	<b>As at 31st March, 2023 Th\$</b>	<b>As at 31st March, 2022 Th\$</b>
<b>As Auditor</b>		
Audit fees	7,104	6,814
<b>In other capacity</b>		
Taxation matters	8,888	13,069
Limited review	-	9,386
<b>Total</b>	<b>15,982</b>	<b>29,269</b>

**28 Subsequent events**

As of the date of presentation of these financial statements, it is observed that a massive vaccination process has begun worldwide, aimed at controlling the covid-19 pandemic. In Management's opinion Ascend Laboratories SpA is not expected to be affected by this pandemic situation. To date, it is not possible to estimate their impact, if any.

In the period between April 1st, 2023 and the date of issuance of these consolidated financial statements, no other significant events affecting thereto have occurred.

**29 Authorization to issue the consolidated financial statements.**

The accompanying consolidated financial statements were authorized for issuance on May 3, 2023 by Company Management; consequently, they do not reflect events after this date.