

The Pharma Network LLP

Financial statements

For the year ended March 31, 2023

with Independent auditor's report

CONTENTS

	Pages
INDEPENDENT AUDITOR'S REPORT	
Financial statements	
Statement of financial position	1
Statement of comprehensive income	2
Statement of cash flows	3
Statement of changes in equity	4
Notes to the financial statements	5

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
for the preparation and approval of the financial statements
for the year ended March 31, 2023

The following statement, which should be read in conjunction with the independent auditor's responsibilities, is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the financial statements The Pharma Network LLP (the "Company").

Management of the Company is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at March 31, 2023, the results of its operations, cash flows and changes in equity of the Company for the year ended March 31, 2023, in accordance with the International Financial Reporting Standards (the "IFRS").

In preparing the financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether requirements of the accounting legislation of the Republic of Kazakhstan and IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal control, throughout the Company;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records and operations in compliance with the legislation of the Republic of Kazakhstan and the IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- detecting and preventing fraud, errors and other irregularities.

Signed and approved of issue on behalf of Management on April 30, 2023

General Director

Chief Accountant



INDEPENDENT AUDITOR'S REPORT

To the Participants and Management of The Pharma Network LLP

Opinion

We have audited the financial statements of The Pharma Network LLP (the "Company"), which comprise the statement of financial position as at March 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibility for the audit of financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements applicable to the audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with the governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 ISAs 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 separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Yerlan Islambekov.

Yerlan Islambekov

Director

Baker Tilly Qazaqstan Audit LLP



Yerlan Islambekov
Auditor



State audit license for audit activities on the territory of the Republic of Kazakhstan #20013143 issued by the Internal State Audit Committee of the Ministry of Finance of the Republic of Kazakhstan dated September 09, 2021

Auditor qualification certificate #МФ-0000185 dated May 29, 2014

April 30, 2023

THE PHARMA NETWORK LLP

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
As of March 31, 2023

<i>In thousands of Tenge</i>	<i>Notes</i>	<i>March 31, 2023</i>	<i>March 31, 2022</i>
ASSETS			
Non-current assets			
Property and equipment	5	52,922	22,252
Deferred tax asses	17	36,529	29,704
Current assets		89,451	51,956
Inventories			
Advances paid	6	1,117,405	821,885
Trade receivables	7	27,935	31,390
Cash and cash equivalents	8	589,542	387,801
Other current assets	9	473,618	78,652
TOTAL CURRENT ASSETS		6,737	7,150
TOTAL ASSETS		2,215,237	1,326,878
		2,304,688	1,378,834
EQUITY			
Share capital			
Accumulated deficit	10	832,162	832,162
TOTAL EQUITY		(222,402)	(282,448)
		609,760	549,714
LIABILITIES			
Current liabilities			
Trade payables			
Contract liabilities	11	1,606,176	751,375
Income tax payable		925	4,612
Liabilities for other taxes and obligatory payments to budget		17,743	3,907
Other current liabilities	12	19,292	9,414
TOTAL CURRENT LIABILITIES	13	50,792	59,812
TOTAL LIABILITIES		1,694,928	829,120
TOTAL EQUITY AND LIABILITIES		1,694,928	829,120
		2,304,688	1,378,834

The notes to the financial statements form an integral part of these financial statements.

Signed and approved of issue on behalf of Management on April 30, 2023:

General Director

Chief Accountant



THE PHARMA NETWORK LLP

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME
For the year ended March 31, 2023

<i>In thousands of Tenge</i>	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue	14	2,611,293	1,827,414
Cost of sales	15	(1,370,577)	(832,967)
Gross profit		1,240,716	994,447
General and administrative expenses	16	(1,184,797)	(1,009,697)
Changes in provisions		(29,028)	65,946
Foreign exchange gain / (loss), net		23,533	(46,515)
Gain / (loss) on disposal of property and equipment, net		1,500	1,400
Other income / (expense), net		22,843	95
Operating profit / (loss)		74,767	5,676
Finance income		-	29
Finance costs		-	-
Profit / (loss) before income tax		74,767	5,705
Corporate income tax benefit / (expense)	17	(14,721)	(10,850)
Net income / (loss) for the year		60,046	(5,145)
Other comprehensive income		-	-
Total comprehensive income / (loss)		60,046	(5,145)

The notes to the financial statements form an integral part of these financial statements.

Signed and approved of issue on behalf of Management on April 30, 2023:

General Director

Chief Accountant



THE PHARMA NETWORK LLP

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
For the year ended March 31, 2023

In thousands of Tenge

	For the year ended March 31, 2023	For the year ended March 31, 2022
OPERATING ACTIVITIES:		
Loss before income tax	74,767	5,705
Adjustments for non-cash items:		
Depreciation and amortization	16,843	19,028
Provision for obsolete and slow-moving inventories	30,821	(63,243)
Provision for expected credit losses	(2,012)	(2,703)
Finance income	-	(29)
Gain / (loss) on disposal of property and equipment, net	(1,500)	(1,400)
Foreign exchange gain / (loss), net	(23,533)	46,515
Change in working capital:		
Change in inventories	(326,341)	476,370
Change in advances paid	9,766	(21,637)
Change in trade receivables	(196,250)	(55,717)
Change in other current assets	414	788
Change in trade payables	864,149	(397,472)
Change in contract liabilities	(3,687)	(2,062)
Change in liabilities for other taxes and payments to the budget	16,097	(3,956)
Change in other current liabilities	(9,021)	30,889
Income tax paid	450,513	31,076
Interest received	(13,929)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	436,584	31,076
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(47,513)	(10,390)
Proceeds from sale of property and equipment	1,500	1,400
NET CASH FLOWS FROM INVESTING ACTIVITIES	(46,013)	(8,990)
Net cash flows for the period	390,571	22,086
Foreign exchange differences in cash and cash equivalents	7,875	1,234
Provision for expected credit losses in respect of cash and cash equivalents	(3,480)	(1,497)
Cash and cash equivalents, at the beginning of the period	78,652	56,829
Cash and cash equivalents, at the end of the period	473,618	78,652

The notes to the financial statements form an integral part of these financial statements.

Signed and approved of issue on behalf of Management on April 30, 2023:

General Director

Chief Accountant



THE PHARMA NETWORK LLP

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY
For the year ended March 31, 2023

<i>In thousands of Tenge</i>	Share capital	Accumulated deficit	Total
April 1, 2021	832,162	(277,303)	554,859
Net loss for the year	-	(5,145)	(5,145)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(5,145)	(5,145)
March 31, 2022	832,162	(282,448)	549,714
Net income for the year	-	60,046	60,046
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	60,046	60,046
March 31, 2023	832,162	(222,402)	609,760

The notes to the financial statements form an integral part of these financial statements.

Signed and approved of issue on behalf of Management on April 30, 2023:

General Director

Chief Accountant



NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

1. CORPORATE INFORMATION

The Pharma Network LLP (the «Company») was established on August 16, 2012 as a limited liability partnership in accordance with the legislation of the Republic of Kazakhstan.

As of March 31, 2023, the Company's shareholders structure was presented as follows:

#	Name of the shareholder	March 31, 2023		March 31, 2022	
		Share, %	Amount	Share, %	Amount
1	Alkem Laboratories Limited (India)	100.00%	832,162	100.00%	832,162
		100.00%	832,162	100.00%	832,162

The shares of Alkem Laboratories Limited (the «Parent») are listed on the Bombay Stock Exchange and the National Stock Exchange of India.

The main business activity of the Company is purchase and subsequent wholesale of pharmaceutical drugs. The Company has a license #FD64600532KA dated November 29, 2012 issued by the State Institution Department of Control Committee for Medical and Pharmaceutical Activities to engage in wholesale of pharmaceutical drugs.

The legal address of the Company: The Republic of Kazakhstan, Almaty, 21B, Konayev St.

These financial statements were approved for issue by Management of the Company on April 30, 2023

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis. The separate financial statements are presented in Tenge and all values are rounded to the nearest thousands, except when otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Current versus non-current classification of assets and liabilities

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is a current when it is:

- expected to be realized or intended to sold or consumed within the normal operating cycle;
- held primarily for purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Fair value measurement**

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained below.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Revenue from contracts with customers

The Company's main activities include purchase and subsequent wholesale of pharmaceutical drugs. Revenue is recognized if the Company estimates that it is likely to obtain economic benefits and, if the revenue can be reliably estimated, regardless of the time of payment. Revenue is measured at the fair value of the consideration received or receivable, subject to contractual terms of payment and net of taxes or duties

Sale of pharmaceutical drugs

Revenue from sale of pharmaceutical drugs is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is up to 90 days upon delivery.

The Company concluded that it is the principal in all revenue-generating contracts it has entered into, since in all cases it is the main party that has assumed obligations under the contract, sets prices, and is exposed to the risk of inventory impairment and credit risk.

Contract balances*Trade receivables*

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in *Financial instruments – initial recognition and subsequent measurement* section.

Expenses

Expenses are recorded at the time of the actual receipt of the relevant goods or services, independent of when the cash and cash equivalents have been paid and are reported in the financial statements in the period to which they relate on the accrual basis.

Taxes*Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the Kazakhstan.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Taxes (continued)***Current income tax (continued)*

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deductions from employee benefits

The Company pays social tax and social contributions in accordance with the tax legislation of the Republic of Kazakhstan at the rates of 9.5% and 3.5%, respectively, and compulsory health insurance at the rate of 3% from January 1, 2022, as well as withholds and pays medical insurance at the rate 2% of the salary.

The Company withholds obligatory pension contributions at the rate 10% of the salary of its employees as contributions to their pension funds.

The Company also withholds income tax from employees' wages at the rate of 10%, and pays it to the budget of the Republic of Kazakhstan.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

The Company's financial statements are presented in Tenge, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The weighted average exchange rates established on the Kazakhstan Stock Exchange (hereinafter referred to as "KASE") are used as official exchange rates in the Republic of Kazakhstan.

The exchange rate as at March 31, 2023, as well as the weighted average rates prevailing for the year ended March 31, 2023, are presented as follows:

	Closing exchange rate		Average exchange rate	
	March 31, 2023	March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
US Dollar	451.71	458.2	460.18	434.98
Euro	491.64	510.57	479.18	505.00
Russian Rouble	5.86	5.49	7.15	5.70

Property and equipment

Property, plant and equipment are stated at cost less accumulated impairment losses, if any.

The historical cost of assets includes the acquisition cost, including import duties and taxes not recoverable, borrowing costs in case of long-term construction of the project, and any direct costs associated with bringing the asset into working order and delivery to the place of intended use.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets:

Category of property, plant and equipment	Estimated useful life, years
Furniture and fixtures	7 years
Vehicles	4 years
Office equipment	3 - 7 years
Other	7-10 years

An item of property, plant and equipment and any initially recognized significant component of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from their use or disposal. A gain or loss on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at the end of each financial year and adjusted prospectively as necessary.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Leases**

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

In respect of either short-term leases or leases for which the underlying asset is of low value, the Company recognises the lease payments associated with those leases as an expense on a straight-line basis.

Company as a lessee

At the commencement date, the Company recognises a right-of-use asset and a lease liability. At the commencement date, the Company measures the right-of-use asset at cost, the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the incremental borrowing rate.

Company as a lessor

The Company classifies each of its leases as either an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Finance leases

At the commencement date, the Company recognises assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. The Company recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Operating leases

The Company recognises lease payments from operating leases as income on a straight-line basis.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each item to its present location and condition are accounted for on a WAM (weighted average method) basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated selling costs.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Impairment of non-financial assets (continued)**

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial assets (continued)***Initial recognition and measurement (continued)*

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Impairment of financial assets**

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below.

Trade payables

After initial recognition, trade payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial liabilities (continued)***Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Provisions

Provisions are recognised when the Company has a present obligation (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 can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Application of new and revised International financial reporting standards

The Company has adopted the following new or revised standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee (the "IFRIC") which became effective for the Company's financial statement for the year ended December 31, 2022:

The amendment Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.;

The amendment to IAS 37 Provisions, contingent liabilities and contingent assets onerous contracts

The amendment provides cost of fulfilling a contract. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).;

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Application of new and revised International financial reporting standards (continued)***The amendment to Reference to the Conceptual Framework (Amendments to IFRS 3)*

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

IAS 41 Agriculture

The amendment to IAS 41 removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Annual Improvements to IFRS Standards 2018-2020:*IAS 16 Property, plant and equipment*

The amendment to IAS 16 Property, plant and equipment - proceeds before intended use. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 Financial instruments

The amendment to IFRS 9 Financial instruments – clarifies which fees an entity includes when it applies the 10 per cent test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases

The amendment to IFRS 16 Leases - removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The adoption of the new or revised standards did not have significant effect on the financial position or performance of the Company.

New and revised IFRSs in issue but not yet effective

A number of new Standards and Interpretations has been issued and not yet adopted as at December 31, 2022 and had not been applied in preparation of these financial statements. Following Standards and Interpretations are relevant to operations of the Company. The Company intends to adopt these Standards and Interpretations from their effective dates. The Company has not analyzed potential effect of adoption of these standards on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**New and revised IFRSs in issue but not yet effective (continued)**

At the date of authorization of this financial information, the following new standards and interpretations were in issue, but not mandatorily yet effective, and which the Company has not early adopted:

IFRS 17 Insurance contracts

IFRS 17 Insurance contracts requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. Applicable to annual reporting periods beginning on or after January 1, 2023.

Amendments to IAS 1 and IFRS Practice Statement 2

Disclosure of Accounting Policies require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. Annual reporting periods beginning on or after January 1, 2023.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors replace the definition of changes in accounting estimates with the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. Annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 12 Income Taxes

Deferred Tax related to Assets and Liabilities arising from a Single Transaction clarifies that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Annual reporting periods beginning on or after January 1, 2023.

Amendment to IFRS 17 Leases

The amendments to initial Application of IFRS 17 Leases and IFRS 9 Financial Instruments — Comparative Information permit entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. Annual reporting periods beginning on or after January 1, 2023.

Amendments IAS 1 Presentation of Financial Statements

Classification of Liabilities as Current or Non-Current aims to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Applicable to annual reporting periods beginning on or after January 1, 2024.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and revised IFRSs in issue but not yet effective (continued)

Amendments IAS 1 Presentation of Financial Statements (continued)

Non-current Liabilities with Covenants (Amendments IAS 1 Presentation of Financial Statements) clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Applicable to annual reporting periods beginning on or after January 1, 2024.

Amendments to IFRS 16 Leases

Lease Liability in a Sale and Leaseback clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. Applicable to annual reporting periods beginning on or after January 1, 2024.

IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The Company intends to adopt these new standards and amendments, if applicable, when they become effective.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

Sale of pharmaceutical drugs

Revenue from sale of pharmaceutical drugs is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is up 90 days upon delivery.

The Company concluded that it is the principal in all revenue-generating contracts it has entered into, since in all cases it is the main party that has assumed obligations under the contract, sets prices, and is exposed to the risk of inventory impairment and credit risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(CONTINUED)****Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimated allowance for expected credit losses on receivables

For accounts receivable, the Company uses a simplified approach in calculating ECL. Consequently, the Company does not monitor changes in credit risk, but instead recognizes a loss allowance at each reporting date in an amount equal to lifetime expected credit losses. The Company used a provisioning allowance matrix based on its experience of incurring credit losses, adjusted for forward-looking factors specific to borrowers and general economic conditions.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the tax losses can be offset. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized in the financial statements based on the probable timing and amount of future taxable profit and tax planning strategy.

Measurement of financial instruments at fair value

In cases where the fair value of financial assets and financial liabilities recognized in the statement of financial position cannot be determined based on quoted prices in active markets, it is determined using valuation techniques, including a discounted cash flow model. Observable markets are used as inputs to these models whenever possible, but where this is not practicable, some judgment is required to establish fair values. Judgments include considering inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the fair value of financial instruments as reported in the financial statements.

Useful lives of property, plant and equipment

The Company estimates the remaining useful lives of property, plant and equipment at the end of each reporting period. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. These estimates can have a significant effect on the carrying amount of property, plant and equipment and depreciation recognized in the statement of comprehensive income. The company did not revise the useful life of property, plant and equipment in the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

5. PROPERTY AND EQUIPMENT

As at March 31, 2023, property and equipment were presented as follows:

<i>In thousands of Tenge</i>	Furniture and fixtures	Vehicles	Computers	Total
Cost:				
April 1, 2021	3,273	153,535	5,754	162,562
Additions	101	4,781	5,738	10,620
Disposals	—	—	(230)	(230)
March 31, 2022	3,374	158,316	11,262	172,952
Additions	865	42,751	2,237	45,853
Disposals	—	(3,600)	—	(3,600)
March 31, 2023	4,239	197,467	13,499	215,205
Accumulated depreciation:				
April 1, 2021	(2,023)	(126,185)	(3,464)	(131,672)
Depreciation charge	(449)	(17,044)	(1,535)	(19,028)
Depreciation on disposal	—	—	—	—
March 31, 2022	(2,472)	(143,229)	(4,999)	(150,700)
Depreciation charge	(532)	(14,349)	(1,921)	(16,802)
Depreciation on disposal	—	5,219	—	5,219
March 31, 2023	(3,004)	(152,359)	(6,920)	(162,283)
Net book value:				
March 31, 2022	902	15,087	6,263	22,252
March 31, 2023	1,235	45,108	6,579	52,922

As of March 31, 2023 the cost of fully amortized property, plant and equipment comprises 129,069 thousand Tenge (March 31, 2022: 108,181 thousand Tenge).

6. INVENTORIES

As at March 31, 2023, inventories were presented as follows:

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Raw materials	1,017	537
Goods for resale	1,162,150	836,288
Less: provision for obsolete and slow-moving inventories	(45,762)	(14,940)
	1,117,405	821,885

Changes in the provision for obsolete and slow-moving inventories are as follows:

<i>In thousands of Tenge</i>	For the year ended March 31, 2023	For the year ended March 31, 2022
As at the beginning of the period	(14,940)	(78,183)
(Accrual) / reversal of provision	(30,821)	63,243
As at the end of the period	(45,762)	(14,940)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

7. ADVANCES PAID

As at March 31, 2023, advances paid were presented as follows:

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Advances paid to third parties	27,935	31,390
Advances paid to related parties	—	—
Less: provision for expected credit losses	—	—
	27,935	31,390

8. TRADE RECEIVABLES

As at March 31, 2023, trade receivables were presented as follows:

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Trade receivables from third parties	597,913	401,663
Trade receivables from related parties	—	—
Less: provision for expected credit losses and cash discount	(8,371)	(13,862)
	589,542	387,801

As of March 31, 2023, trade receivables were presented in the following currencies:

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Kazakhstani Tenge	597,913	401,663
US Dollars	—	—
Less: provision for expected credit losses	(8,371)	(13,862)
	589,542	387,801

Changes in the provision for expected credit losses and cash discount in respect of trade receivables were as follows:

<i>In thousands of Tenge</i>	For the year ended March 31, 2023	For the year ended March 31, 2022
As at the beginning of the period	(13,862)	(18,062)
(Accrual) / reversal of provision	5,491	4,200
As at the end of the period	(8,371)	(13,862)

9. CASH AND CASH EQUIVALENTS

As of March 31, 2023, cash and cash equivalents were presented as follows:

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Cash in hand	9,586	3,710
Cash in current bank accounts	507,985	115,367
Less: provision for expected credit losses	(43,953)	(40,425)
	473,618	78,652

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

9. CASH AND CASH EQUIVALENTS (CONTINUED)

As of March 31, 2023, cash in bank accounts were placed in the following banks:

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Bank CenterCredit JSC, Kazakhstan	468,542	75,365
Tengri Bank JSC, Kazakhstan	39,443	40,002
Less: provision for expected credit losses	(43,953)	(40,425)
	464,032	74,942

Changes in the provision for expected credit losses in respect of cash and cash equivalents were as follows:

<i>In thousands of Tenge</i>	For the year ended March 31, 2023	For the year ended March 31, 2022
As at the beginning of the period (Accrual) / reversal of provision	(40,425)	(38,928)
As at the end of the period	(3,528)	(1,497)
	(43,953)	(40,425)

As of March 31, 2023, cash and cash equivalents were presented in the following currencies:

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Kazakhstani Tenge	269,354	70,941
US Dollars	248,217	48,136
Less: provision for expected credit losses	(43,953)	(40,425)
	473,618	78,652

10. SHARE CAPITAL

As at March 31, 2023, registered and paid share capital amounted to 832,162 thousand Tenge. The structure of the shareholders of the Company is disclosed in *Note 1*.

During the years ended March 31, 2023 and 2022 the Company did not declare and did not pay any dividends.

11. TRADE PAYABLES

As at March 31, 2023, trade payables were presented as follows:

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Trade payables to third parties	3,693	1,243
Trade payables to related parties	1,602,483	750,132
	1,606,176	751,375

As of March 31, 2023, trade payables were presented in the following currencies:

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Kazakhstani Tenge	3,693	1,243
US Dollars	1,602,483	750,132
	1,606,176	751,375

As at March 31, 2023, trade payables are denominated in Tenge and are interest-free and repayable within 30 days, and for Parent Company – 270 days.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

12. LIABILITIES FOR OTHER TAXES AND OBLIGATORY PAYMENTS TO BUDGET

As at March 31, 2023, liabilities for other taxes and obligatory payments to budget were presented as follows:

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Individual income tax	5,914	3,399
Social tax and social contributions	7,449	4,118
Pension contributions	5,929	1,897
	19,292	9,414

13. OTHER CURRENT LIABILITIES

As at March 31, 2023, other current liabilities were presented as follows:

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Provision for unused vacation	21,758	20,509
Provision for bonuses	17,375	10,115
Other current liabilities	11,659	29,188
	50,792	59,812

14. REVENUE

For the year ended March 31, 2023, revenue was presented as follows:

<i>In thousands of Tenge</i>	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from sale of pharmaceutical drugs	2,611,293	1,827,414

For the year ended March 31, 2023, the Company's revenue from customers exceeding 10% of total revenue was as follows:

<i>In thousands of Tenge</i>	For the year ended March 31, 2023	% of total revenue	For the year ended March 31, 2022	% of total revenue
Amanat LLP	554,531	21%	381,766	21%
Zerde NPO LL	502,367	19%	189,542	13%
Amity International LLP	500,752	19%	324,013	18%
Kazakh Pharmaceutical Company				
Medservice Plus LLP	416,504	16%	268,974	15%
INKAR LLP	80,545	3%	204,557	11%
	2,054,699	79%	1,368,852	78%

15. COST OF SALES

For the year ended March 31, 2023, cost of sales was presented as follows:

<i>In thousands of Tenge</i>	For the year ended March 31, 2023	For the year ended March 31, 2022
Cost of pharmaceutical drugs sold	(1,370,577)	(832,967)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

16. GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended March 31, 2023, general and administrative expenses were presented as follows:

<i>In thousands of Tenge</i>	For the year ended March 31, 2023	For the year ended March 31, 2022
Payroll and payroll related taxes	(587,730)	(558,260)
Marketing	(354,219)	(256,528)
Professional services	(7,662)	(10,466)
Materials	(94,977)	(2,013)
Rent	(9,732)	(7,715)
Depreciation and amortization	(16,803)	(19,068)
Business trips	(13,133)	(11,118)
Communication services	(14,297)	(9,159)
Insurance	(9,883)	(8,293)
Transportation	(35,177)	(23,119)
Bank fees	(1,791)	(1,570)
Other	(39,393)	(102,388)
	(1,184,797)	(1,009,697)

17. CORPORATE INCOME TAX BENEFIT / (EXPENSE)

The Company is subject to income tax at the current official rate of 20%.

<i>In thousands of Tenge</i>	For the year ended March 31, 2023	For the year ended March 31, 2022
Current corporate income tax expense	(21,546)	(6,303)
Deferred corporate income tax benefit / (expense)	6,825	(4,547)
Total corporate income tax benefit / (expense)	(14,721)	(10,850)

A reconciliation of corporate income tax applicable to profit / (loss) before income tax at the statutory income tax rate with the corporate income tax benefit / (expense) is set out below:

<i>In thousands of Tenge</i>	For the year ended March 31, 2023	For the year ended March 31, 2022
Pretax income / (loss)	74,767	5,705
Statutory corporate income tax rate	20%	20%
Corporate income tax calculated at applicable tax rate	(14,953)	(1,141)
Permanent differences:		
Other	232	(9,709)
Total corporate income tax benefit / (expense)	(14,721)	(10,850)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2023
17. CORPORATE INCOME TAX BENEFIT / (EXPENSE) (CONTINUED)

As at March 31, 2023, the components of the deferred tax asset are represented by the following:

<i>In thousands of Tenge</i>	April 1, 2021	Change in temporary differences	March 31, 2022	Change in temporary differences	March 31, 2023
Deferred tax assets: / (liabilities)					
Provision for unused vacation	2,430	561	2,991	1,361	4,352
Provision for expected credit losses (trade receivables)	2,595	1,091	3,686	(2,012)	1,674
Provision for expected credit losses (cash)	7,786	214	8,000	791	8,791
Property and equipment and intangible assets	2,564	6,285	8,849	(2,208)	6,797
Provision for obsolete and slow- moving inventories	15,637	(12,523)	3,114	6,038	9,152
Other accruals	3,239	(175)	3,064	2,699	5,763
Net deferred tax assets / (liabilities)	34,251		29,704		36,529
Net change in temporary differences		(4,547)		6,825	

18. RELATED PARTIES DISCLOSURE

For the purposes of these financial statements, related parties are parties that one of them has the ability to control or exercise significant influence over the other party's financial and operational decisions, as defined in IAS 24 related party Disclosures. When deciding whether the parties are related, the content of the relationship between the parties is taken into account, not just their legal form.

For the purpose of presenting these financial statements, related parties to the Company are key management personnel and entities in which a significant percentage is owned, directly or indirectly, by key management personnel of the Company, as well as participants and entities controlled by participants.

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Trade payables		
Alkem Laboratories Limited, the Parent	1,602,483	750,132

<i>In thousands of Tenge</i>	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchases		
Alkem Laboratories Limited, the Parent	1,732,048	415,758

Key management personnel compensation

Remuneration of key management personnel for the year ended March 31, 2023, including salaries, comprised 240,884 thousand Tenge (year ended March 31, 2022: 207,071 thousand Tenge). Remuneration to key personnel includes salaries and other payments in accordance with the Company's internal regulations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

19. CONTINGENT LIABILITIES

Taxation

Kazakhstan's tax laws and regulations are subject to constant changes and various interpretations. There are frequent cases of differences of opinion between local, regional and Republican tax authorities. The current system of fines and penalties for detected offenses based on the laws in force in Kazakhstan is very severe. Penalties include fines-usually in the amount of 50% of the amount of additional taxes accrued, and penalties accrued at the refinancing rate set by the National Bank of Kazakhstan, multiplied by 2.5. As a result, the amount of penalties and penalties may be several times higher than the amount of additional taxes to be assessed. Financial periods remain open for review by the tax authorities for 3 (three) calendar years preceding the year in which the audit is conducted. Under certain circumstances, the checks may cover longer periods. Due to the uncertainty inherent in Kazakhstan's tax system, the final amount of taxes, penalties and penalties, if any, may exceed the amount currently charged as at March 31, 2023.

Management believes that, as at March 31, 2023, its interpretation of applicable law is appropriate and it is probable that the Company's tax position will be confirmed, other than as accrued in these financial statements.

Litigation

In the normal course of business, the Company may be the subject of lawsuits or proceedings. In the opinion of management, there are currently no ongoing legal proceedings or claims that could have a material impact on the company's results of operations or financial position.

20. FINANCIAL RISK MANAGEMENT GOALS AND POLICIES

Categories of financial instruments

As of March 31, 2023, the Company's financial instruments were presented by the following assets and liabilities:

In thousands of Tenge	March 31, 2023	March 31, 2022
Financial assets and liabilities measured at amortised cost:		
Cash and cash equivalents	473,618	78,652
Trade receivables	589,542	387,801
Trade payables	(1,606,176)	(751,375)
	(543,016)	(284,922)

Risk management

The Company's principal financial liabilities include trade payables. The main purpose of these financial obligations is to Finance the Company's operations. The company's principal financial assets include trade receivable and cash (including short-term deposits) that arise directly in the course of its operating activities.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management controls the process of managing these risks. Management reviews the company's exposure to financial risks in accordance with relevant policies and procedures, and identifies and evaluates and manages financial risks in accordance with the Company's policies and risk management objectives. All operations with derivative instruments for risk management purposes are carried out by properly controlled teams of specialists with appropriate qualifications and experience. In accordance with its policy, the Company does not trade derivatives for speculative purposes. The Company's management reviews and approves the risk management policy described below.

Market risk - is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk includes three types of risk: interest rate risk, currency risk and other price risks, for example, the risk of changes in the cost of rent.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

20. FINANCIAL RISK MANAGEMENT GOALS AND POLICIES (CONTINUED)

Risk management (continued)

Interest rate risk - is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The risk of changing market interest rates relates applicable to borrowings with a floating interest rate. The Company did not have interest bearing borrowings with floating interest rates.

Currency risk - is the risk that the fair value or future cash flows associated with the exposure to risk will fluctuate due to changes in exchange rates. The Company's exposure to the risk of changes in foreign exchange rates is primarily due to its operating activities (when trade payables are denominated in foreign currencies).

The following table presents sensitivity analysis of the Company's profit before income tax (due to changes in the carrying value of monetary assets and liabilities) to possible changes in the exchange rate of the US Dollars to Tenge, provided all other parameters remain unchanged. Such changes do not have any effect on the Company's capital.

<i>In thousands of Tenge</i>	Currency	Increase/decrease in the exchange rate of the selected foreign currency against Tenge	Impact on pre-tax income
March 31, 2023	US Dollar	+20%	(270,853)
		-20%	270,853
March 31, 2022	US Dollar	+20%	(140,399)
		-20%	140,399

Credit risk

Credit risk - is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and cash).

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables. The Company does not hold collateral as security for the existing trade receivables.

As of March 31, 2023, the trade receivable had exposure to only one type of counterparty. Customers with ending balance more than 10% of total trade receivables were as follows:

<i>In thousands of Tenge</i>	March 31, 2023	March 31, 2022
Amity International LLP	154,129	112,108
Medservice plus Kazakh Pharmaceuticals Comp LLP	124,520	65,375
Amanat LLP	113,042	55,167
Zerde NPO LLP	87,420	57,661
INKAR LLP (<i>more than 10% at March 31, 2022</i>)	19,344	6,527
	498,455	239,177

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

20. FINANCIAL RISK MANAGEMENT GOALS AND POLICIES (CONTINUED)

Credit risk (continued)

Cash

Credit risk management caused by balances in bank accounts is managed by the Company's management in accordance with the Company's policy. Surplus funds are invested only in the accounts of approved counterparties and within the credit limits set for each counterparty. Credit limits established for counterparties are reviewed annually by the Company's management and may be changed during the year after approval by the management of the Company. Limits are set in order to minimize the concentration of risks and, thus, reduce financial losses arising from the potential non-payment of the counterparty. The Company's maximum exposure to credit risk by component of the statement of financial position at March 31, 2023, is represented by its book value.

The following table shows balances of cash, deposits in commercial banks as of the reporting date using the credit ratings of Standard & Poor's and Fitch where available:

In thousands of Tenge	Rating	Outstanding balance	
	March 31, 2023	March 31, 2022	March 31, 2021
Bank CenterCredit JSC, Kazakhstan	B+	468,542	75,365
Tengri Bank JSC, Kazakhstan	-	39,443	40,002
Less: provision for expected credit losses		(43,953)	(40,425)
		464,032	74,942

Liquidity risk

The company exercises control over cash shortage risk using the current liquidity planning tool. The Company's goal is to maintain a balance between continuity of financing and flexibility through the use of bank and non-bank loans. In accordance with the policy of the Company, no more than 25% of the debt should be repaid within the next 12 months. The company analyzed the concentration of risk in relation to refinancing its debt and concluded that it is low. The company has access to sufficient sources of financing, and the maturity of debts payable within 12 months, by agreement with current creditors, can be postponed to later dates.

The following table provides information on the maturity of the Company's financial liabilities as of March 31, 2023, based on contractual undiscounted payments:

In thousands of Tenge	Due on demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
March 31, 2023						
Trade payables	-	(1,606,176)	-	-	-	(1,606,176)
March 31, 2022						
Trade payables	-	(751,375)	-	-	-	(751,375)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2023

20. FINANCIAL RISK MANAGEMENT GOALS AND POLICIES (CONTINUED)**Measurement of financial instruments**

The table below shows the summary of the Company's assets and liabilities:

In thousands of Tenge	Carrying amount		Amortized cost	Total
	FVTPL	FVTOCI		
March 31, 2023				
Cash and cash equivalents	-	-	473,618	473,618
Trade receivables	-	-	589,542	589,542
Trade payables	-	-	(1,606,176)	(1,606,176)
	-	-	(543,016)	(543,016)
March 31, 2022				
Cash and cash equivalents	-	-	78,652	78,652
Trade receivables	-	-	387,801	387,801
Trade payables	-	-	(751,375)	(751,375)
	-	-	(284,922)	(284,922)

Capital management

For capital management purposes, capital includes share capital and accumulated deficit. The main goal of the Company in relation to capital management is to maximize the value of capital. The company manages the capital structure and changes it in accordance with changes in economic conditions and the requirements of the contractual terms in order to ensure the continuation of the company's continuous operations.

The objectives, policies and procedures of capital management were not changed during the periods ended March 31, 2023.

21. SUBSEQUENT EVENTS

In 2023, a number of new sanctions were announced against the Russian Federation. Due to the growing geopolitical tensions, a significant increase in volatility in the stock and currency markets is expected. It is expected that these events may affect the activities of companies in various sectors of the economy. The Company regards these events as non-adjusting events after the reporting period, the quantitative effect of which cannot be estimated at the moment with a sufficient degree of confidence. The Company's management is currently analyzing the possible effect of these events on the Company's financial position and results of operations.