Salles Sainz
Grant Thornton

Financial statements and Independent auditor's report

Zydus Pharmaceuticals México Service Company, S.A. de C.V.

(Subsidiary of Zydus International Private Limited)

December 31, 2024 and 2023

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Independent auditor's report

To the Stockholders of

Zydus Pharmaceuticals México Service Company, S. A. de C. V.:

Opinion

We have audited the accompanying financial statements of **Zydus Pharmaceuticals México Service Company, S. A. de C. V.** (the Company), which comprise the statements of financial position as of December 31, 2024 and 2023, and the statements of income, changes in stockholders' equity and of cash flows for the years then ended, and notes to the financial statements including a summary of important accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Zydus Pharmaceuticals México Service Company, S.A. de C.V., as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Mexican Financial Reporting Standards (NIF for its acronym in Spanish).

Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Mexico in accordance with the Instituto Mexicano de Contadores Públicos A.C.'s Code of Professional Ethics (IMCP Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA and IMCP Codes. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which discusses the effect of the transference of its employees to its related party Zydus Pharmaceuticals México, S.A. de C.V., through an employer substitution without retaining any type of obligation related to employee benefits. As of the date of issuance of the financial statements, Management is in process of evaluating new business opportunities for the Company.

We draw the attention to Note 9e which mentions that as of December 31, 2024 and 2023, the Company has accumulated operating losses with a consequent deficit in Partners' equity by $(751,803) and $(757,457), respectively, and as of those dates, the Company´s current liabilities (represented by related parties, mainly) exceeded its total current assets by $751,803 and $757,457, respectively. These conditions indicate that may cast significant doubt on the Company´s ability to continue as a going concern. However, Zydus Lifesciences Limited the ultimate parent company, has indicated its intention to maintain the necessary financial support, to allow the Company to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with NIF 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 the accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of Zydus Pharmaceuticals México Service Company, S. A. de C. V. 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is included in 'Exhibit of the Independent auditor's report' of this auditor's report. This description, which is located in the following page, forms part of our auditor's report.

SALLES, SAINZ – GRANT THORNTON, S.C.

C.P.A. Fernando Robles Garibay
Partner

Mexico City, Mexico
May 19, 2025.

Exhibit of the Independent auditor's report

Further description of our responsibilities regarding the audit of the financial statements

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management 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.

Zydus Pharmaceuticals México Service Company, S.A. de C.V.

(Subsidiary of Zydus International Private Limited)

Statements of financial position

As of December 31, 2024 and 2023

(Stated in Mexican Pesos)

	Note	2024	2023
ASSETS			
Current assets			
Cash		**$ 228,395**	$ 120,676
Other accounts receivable	**5**	**1,086,279**	1,061,835
Related parties	**8**	**97,881**	198,600
Total current assets		**1,412,555**	1,381,111
Non-current assets			
Deferred income tax	**7**	**-**	-
Total assets		**$ 1,412,555**	$ 1,381,111
LIABILITIES AND EQUITY			
Liabilities			
Short-term			
Taxes payable		**$ 53,158**	$ 27,368
Related parties	**8**	**2,111,200**	2,111,200
Total liabilities		**2,164,358**	2,138,568
EQUITY	**9**		
Capital stock		**5,600,991**	5,600,991
Accumulated losses		**(6,352,794)**	(6,358,448)
Total equity		**(751,803)**	(757,457)
Total liabilities and equity		**$ 1,412,555**	$ 1,381,111

The accompanying notes are an integral part of these statements of financial position

Zydus Pharmaceuticals México Service Company, S.A. de C.V.

(Subsidiary of Zydus International Private Limited)

Statements of income

For the years ended December 31, 2024 and 2023

(Stated in Mexican Pesos)

	Note	2024	2023
Income from services	8	$ 161,187	$ 123,468
Other income		-	4,232
		161,187	127,700
Cost of services:			
Professional services		150,104	114,250
Services and comissions		4,833	8,509
Other		13	-
		154,950	122,759
Gross profit		6,237	4,941
Comprehensive result of financing:			
Exchange (loss) gain, net	4a	(583)	750
		(583)	750
Net profit for the year		$ 5,654	$ 5,691

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

Zydus Pharmaceuticals México Service Company, S.A. de C.V.

(Subsidiary of Zydus International Private Limited)

Statements of changes in equity

For the years ended December 31, 2024 and 2023

(Stated in Mexican Pesos)

	Note	2024	2023
Capital stock at beginning and at end of year	9	**$ 5,600,991**	$ 5,600,991
Accumulated losses at beginning of year		**(6,358,448)**	(6,364,139)
Net profit for the year		**5,654**	5,691
Accumulated losses at end of year		**(6,352,794)**	(6,358,448)
Total equity		**$ (751,803)**	$ (757,457)

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

Zydus Pharmaceuticals México Service Company, S.A. de C.V.

(Subsidiary of Zydus International Private Limited)

Statements of cash flows

For the years ended December 31, 2024 and 2023

(Stated in Mexican Pesos)

	2024	2023
Operating:		
Net profit for the year	$ **5,654**	$ 5,691
Changes in:		
Other accounts receivable	**(24,444)**	(20,379)
Related parties	**100,719**	(133,520)
Suppliers	**-**	(21,310)
Taxes payable	**25,790**	20,136
Net cash flows from operating activities	**102,065**	(155,073)
Increase (decrease) in cash during the year	**107,719**	(149,382)
Cash at beginning of year	**120,676**	270,058
Cash at end of year	$ **228,395**	$ 120,676

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

Zydus Pharmaceuticals México Service Company, S. A. de C. V.

Notes to the financial statements

December 31, 2024 and 2023

(Amounts stated in Mexican Pesos)

1 NATURE OF OPERATIONS

Zydus Pharmaceuticals México Service Company, S. A. de C. V. (the Company) was incorporated on August 31, 2010. The Company's main activity is to render administrative and personnel services to its affiliated Zydus Pharmaceuticals México, S.A. de C.V.

In order to comply with the provisions of the labor regulations and since its predominant activity was not permitted by the new provisions, and that it rendered its services exclusively to its related party Zydus Pharmaceuticals México, S. A. de C. V., in 2021, Company's Management decided to transfer the employees to its related party, through an employer substitution process, without retaining any type of obligation related to employee benefits. Management is in the process of evaluating new business opportunities for the Company.

The Company is a wholly owned subsidiary of Zydus International Private Limited (ZIPL).

Company's office is located at Carretera Picacho Ajusco 154 601 B, Jardines de la Montaña, Mexico City, Mexico.

2 APPROVAL AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with the Financial Reporting Standards (NIFs, for its Acronym in Spanish) issued by the Mexican Board of Financial Reporting Standards (CINIF, for its Acronym in Spanish). Likewise, they have been prepared under the assumption that the Company operates on a going concern basis.

The accompanying financial statements were authorized to be issued on May 19, 2025 by Sancheet Suresh Wagle, Finance Head, consequently, they do not reflect events beyond that date.

The General Corporate Law and the by-laws of the Company grant stockholders the possibility to amend the financial statements after their release. The accompanying financial statements will be submitted for approval at the General Stockholders' Annual Meeting.

3 CHANGES IN ACCOUNTING POLICIES

a) New standards adopted on January 1, 2024

As of January 1, 2024, some new standards and amendments to existing standards became effective, the effect of which was not significant for the financial position and results of the Company.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, several new standards and amendments to existing standards have been published by CINIF, that will be effective on January 1, 2025. None of these standards and amendments have been adopted early by the Company. The following is a description of those expected to be relevant to the Company's financial statements.

NIF A-2, 'Uncertainties about going concern' (NIF A-2)

The purpose of this standard is to establish the basis for the analysis of events or circumstances that could generate uncertainties about the entity's going concern assumption, as well as to establish the valuation, presentation and disclosure requirements applicable to the financial statements of an entity that:

- it is a going concern, but it has significant uncertainties about its condition as a going concern;
- continues as a going concern, but is in the process of legal reorganization in order to maintain its condition as a going concern; or
- it is not a going concern.

NIF A-2 will become effective on January 1, 2026, allowing its early application, the accounting changes produced by the adoption of this standard must be recognized retrospectively in accordance with NIF B-1 'Accounting changes and corrections of errors'. The Company is conducting an analysis of the potential effects of the adoption of this standard.

NIF's Improvements 2025

The CINIF issued the 'NIF's Improvements 2025', which will become effective for periods beginning as of January 1, 2025, its early application is permitted. Those amendments are not expected to have a significant effect on the Company's financial statements.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

4 IMPORTANT ACCOUNTING POLICIES

The important accounting policies used to prepare these financial statements are summarized below:

a. Foreign currency translation

Functional and presentation currency

The financial statements are presented in the currency "peso", which is also the functional currency of the Company. The functional currency is the one in which the Company primarily generates and uses its cash flows corresponding to its sales, costs and expenses, as well as the financing obtained and other transactions.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

b. Impact of inflation

The financial statements as of December 31, 2024 and 2023, are prepared under historical cost basis. In accordance with NIF B-10, the Company does not recognize the effects of inflation as it operates in a non-inflationary economic environment since its beginning of operations, and in virtue that accumulated inflation for the last three years prior to the date of the financial statements is less than 26%.

Annual inflation in 2023, 2022 and 2021 was 4.66%, 7.82% and 7.36%, respectively; therefore, accumulated inflation for the prior three-year period was 21.14%.

c. Statements of income

The statements of income, presented in a single statement, show costs and expenses based on their nature, according to administrative services rendered.

d. Statements of cash flows

The statements of cash flows have been prepared using the indirect method, which consists of first presenting pre-tax profit or loss, and further presenting changes in working capital, investing activities, and finally financing activities.

e. Cash

Cash comprises cash on hand and bank deposits in checking accounts.

f. Financial instruments

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and liabilities represent contractual rights and obligations, respectively, in relation to monetary economic resources.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

The classification is determined both by the business model of the Company on the management of the financial asset, as well as the contractual characteristics of the cash flow of the financial asset. Financial assets are classified in the following categories:

- Cash
- Related parties receivable

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with NIF D-1 "Revenue from Contracts with Customers", all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which are presented within operating expenses.

Subsequent measurement of financial assets

<u>Trade receivables and financial instruments to collect its principal and interest (IFCPI for its Acronym in Spanish)</u>

Financial assets (IFCPI) are measured at amortized cost if the assets meet the following conditions and were not designated as fair value through profit or loss (FVTPL).

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Measurement at amortized cost is carried out by using the effective interest method, discounting is omitted where the effect of discounting is immaterial. The Company's cash, trade and other receivables, that do not contain a significant financing component, fall into this category of financial instruments and are measured at amortized cost. As of December 31, 2024 and 2023, the Company has no financial assets measured at fair value.

Impairment of financial assets

According with the 'expected credit loss (ECL) model', impairment evaluation for financial assets uses more forward-looking information to recognize expected credit losses.

This replaces the previous 'incurred loss model'. Instruments within the scope of the new requirements included trade receivables, including contract assets measured under NIF D-1, loans and other debt-type financial assets measured at amortized cost and/or fair value through other comprehensive income (FVTOCI), as well as loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and

- financial instruments that have objective evidence of impairment at the reporting date ('Stage 3').

The '12-month expected credit losses' are recognized for the Stage 1 while 'lifetime expected credit losses' are recognized for the Stages 2 and 3.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

As of December 31, 2024 and 2023, all revenues are obtained from related parties, Management does not deemed necessary to create a loss allowance.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and accounts payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

If applicable, all interest-related charges and changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

g. Provisions, contingent assets and liabilities

Provisions represent present obligations resulting from past events and are recognized when there is a probability of cash outflows, and amounts can be reliably estimated; but they can still be uncertain. A present obligation arises from legal or contractual commitments resulting from past events such as warranties, legal disputes, or onerous contracts. Provisions are not recognized for future operating losses.

h. Income tax prepaid or deferred

Provision for income tax (ISR for its Spanish acronym) is recorded in profit or loss for the year it becomes payable. Also, a deferred tax related to these two items is included, arising from temporary differences resulting from comparing book and tax values of assets and liabilities, including the benefit of tax loss carryforwards. A deferred tax asset is recorded only when there is a high likelihood that it can be recovered. Deferred taxes are determined using enacted tax rates that are estimated will be effective on the dates temporary items shall be reversed or realized.

i. Equity

Share capital represents the nominal (par) value of shares that have been issued (see Note 9).

Accumulated losses include all current and prior period losses.

j. Revenue recognition

Up to July 15, 2021, revenue arose from providing administrative and operative services to its related party Zydus Pharmaceuticals México, S.A. de C.V.

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations on services when these have been rendered and accepted by the client.

The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Company's administrative and operative services do not contemplate customization processes are not subject to significant integration services with other products or services, so the performance obligation corresponds to the services rendered by the Company; the control is transferred at the moment in which the customer receives the services. Sales operations generally do not contemplate variable payments, financing or any other relevant agreement that affects the transaction price.

k. Operating expenses

Operating expenses are recognized in comprehensive income upon utilization of the service or as incurred.

l. Significant management judgement in applying accounting policies and estimation uncertainty

Significant management judgements

The following are the judgements made by management in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deferred tax assets of the Company can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (see Note 7).

5 OTHER ACCOUNTS RECEIVABLE

	2024	2023
Income tax recoverable	**$ 710,598**	$ 710,598
Value added tax recoverable	**375,681**	351,237
	$ 1,086,279	$ 1,061,835

6 FINANCIAL INSTRUMENTS

Categories of financial assets and financial liabilities

Note 4f provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

		2024		2023
Financial assets				
Amortized cost				
Cash	**$**	**228,395**	$	120,676
Related parties		**97,881**		198,600
Total financial assets		**326,276**		319,276
Financial liabilities				
Amortized cost				
Related parties		**2,111,200**		2,111,200
Total financial liabilities	**$**	**2,111,200**	$	2,111,200

A description of the Company's financial instrument risks, including risk management objectives and policies is given in Note 10.

7 INCOME TAX

For the years ended December 31, 2024 and 2023, the Company determined taxable profit in the amount of $82,559 and $89,503, respectively, which differs from book profit, mainly to the effects shown below:

		2024		2023
Net profit for the year	**$**	**5,654**	$	5,691
Permanent ítems:				
Annual adjustment for inflation		**76,905**		83,812
Net effect		**76,908**		83,812
Taxable profit	**$**	**82,559**	$	89,503

The taxable profits for 2024 and 2023 were fully amortized in the application of the tax losses of previous years.

According to the current income tax law, the rate for 2024, 2023 and subsequent years is 30%.

Deferred income tax

As of December 31, 2024 and 2023 the deferred income tax asset derived from the difference between book and tax value of assets and liabilities, is summarized as follows:

	2024	2023
Deferred tax assets:		
Tax loss carry forwards	**$ 2,722,160**	$ 2,644,635
Total deferred tax assets	**2,722,160**	2,644,635
Income tax rate	**30%**	30%
	816,648	793,390
Less: Valuation allowance	**(816,648)**	(793,390)
Deferred income tax asset	**$ -**	$ -

As of December 31, 2024 and 2023, this deferred income tax asset is mainly generated by tax loss carryforwards.

As of December 31, 2024 and 2023, considering the new conditions of the Company (see Note 9e), its projections and its actual taxable income, the Company management has decided to recognize a valuation allowance for this deferred income tax asset in the amount of $(816,648) and $(793,390), respectively.

Tax loss carryforwards

Tax loss carryforwards can be offset against future taxable income during the following ten fiscal years. Those tax losses may be restated by using the NCPI, as of the first month of the second half of the fiscal year in which the tax loss was incurred and up to the last month of the first half of the fiscal year in which the tax loss is realized.

As of December 31, 2024, tax loss carryforwards, restated at that date, are summarized below:

Year incurred	Restated amount	Year of expiration
2021	$ 2,722,160	2031
	$ 2,722,160	

8 RELATED PARTIES' TRANSACTIONS AND BALANCES

For the years ended December 31, 2024 and 2023, the Company carried out transactions with Zydus Pharmaceuticals México, S.A. de C.V. (Affiliated); by revenues in the amount of $161,187 and $123,468, respectively. As of December 31, 2024 and 2023, the Company had a receivable balance in the amount of $97,881and $198,600, respectively and a payable balance in the amount of $2,111,200, those accounts are related to administrative and personnel services and other expenses incurred during the years (see Note 1).

As of December 31, 2024 and 2023, the Company has a transfer pricing study, which supports that the prices utilized in the related-party transactions are comparable to those that would be utilized with or between independent parties.

9 EQUITY

a. Capital stock

As of December 31, 2024 and 2023, the Company's nominal capital stock is represented by two common shares, one of them with value in the amount of $50,000 which represents the minimum fixed capital and the other one in the amount of $5,550,991, which represents the nominal variable capital, with a par value of one peso each.

b. Legal reserve

Net profit for the year is subject to the legal provision which requires appropriating 5% of that profit to a legal reserve until that reserve equals 20% of the capital stock. The balance of the legal reserve may not be distributed to the stockholders, except as stock dividends. At December 31, 2024 and 2023, the Company has not yet created any legal reserve.

c. Distribution of earnings

Net taxable income account (CUFIN, for its Acronym in Spanish)-
As of December 31, 2024, and 2023, the balance of the "net taxable income account" (CUFIN) has not been determined by the Company, which if it existed no income tax could be assessed on dividends or earnings distributed to stockholders up to the balance of such account.

Distribution of dividends or profits to the shareholders that come from the CUFIN, will not generate income tax to legal entities resident in the country, until said account is cero. Dividends paid to individuals and legal entities resident abroad, on profits generated from January 1, 2014 and onwards, are subject to a 10% tax, which has the character of final payment. The Company has no earnings available to be distributed as dividends.

In the case of non-CUFIN dividends, in addition to the above, they will continue to be subject to the payment of income tax payable by the entity, determined based on the general rate of law, which has the characteristic of being final and may be credited against Income tax for the year and the following two.

The balance of this account may be restated up to the date such dividends are distributed, by using the NCPI.

d. Capital reductions

As of December 31, 2024, and 2023, the balance of the Restated Contributed Capital Account (CUCA for its Acronym in Spanish) amounts to $9,404,330 and $9,024,403, respectively. Any reimbursement to the stockholders that exceeds the foregoing amount should be treated as a distributed earning for tax purposes.

In the event that stockholders' equity should exceed the balance of the CUCA, such excess will be considered as a dividend or distributed earning subject to income tax. However, if such assessed earning distribution or dividend does not exceed the CUFIN balance, there will be no tax payable for the capital decrease or reimbursement. Otherwise, it should be treated as dividend or distributed earnings.

e. Going concern

As of December 31, 2024 and 2023, the Company has accumulated operating losses with a consequent deficit in Partners' equity by $(751,803) and $(757,457), respectively, and as of those dates, the Company´s current liabilities (represented by related parties, mainly) exceeded its total current assets by $751,803 and $757,457, respectively. These conditions indicate that may cast significant doubt on the Company´s ability to continue as a going concern. However, Zydus Lifesciences LTD the ultimate parent company, has indicated its intention to maintain the necessary financial support, to allow the Company to continue as a going concern.

10 FINANCIAL INSTRUMENTS RISKS

Risk management objectives and policies

The Company is exposed to liquidity and credit risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in the preceding Note 6.

The Company's risk management is coordinated in close cooperation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to volatile financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is slightly exposed to credit risk from financial assets including cash held at banks and accounts receivable from related parties.

Credit risk management

The credit risk is managed on a group basis based on the Company's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions.

Accounts receivable from related party consist of one customer (Zydus Pharmaceuticals México, S.A. de C.V.) as noted on Note 8 above.

Liquidity risk analysis

Liquidity risk is the risk that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly.

Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting period.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and related party's account receivable. The Company's existing cash resources and related party's account receivable significantly exceed the current cash outflow requirements.

11 CONTINGENCIES AND COMMITMENTS

a) In accordance with currently enacted tax legislation, the authorities have the power to review up to the five fiscal years prior to the last income tax return filed by the Company.

b) In accordance with the Income Tax Law, companies that carry out domestic or foreign resident related party transactions are subject to limitations and tax obligations, with respect to the determination of prices agreed upon.

   Such prices should be comparable to prices that would be used with or between independent parties in arm's length transactions.

   In the event that the tax authorities should review the prices and reject the amounts determined, they could impose fines on the omitted contributions, in addition to collecting the pertinent taxes and related charges (restatement and surcharges), which could be as much as 100% of the restated amount of the contributions.

12 SUBSEQUENT EVENTS

No adjusting or significant non-adjusting events have occurred between the December 31, 2024 reporting date and the date of authorization.