

**JSP Pharmaceutical Manufacturing (Thailand)  
Public Co., Ltd. and its subsidiaries**

Financial statements for the year ended  
31 December 2023  
and  
Independent Auditor's Report

## **Independent Auditor's Report**

**To the Shareholders of JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd.**

### *Opinion*

I have audited the consolidated and separate financial statements of JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. and its subsidiaries (the "Group") and of JSP Pharmaceutical Manufacturing (Thailand) Public Co., Ltd. (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2023, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2023 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<b>Acquisition of businesses</b>	
Refer to note 4 in the consolidated financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>During the year, the Group acquired businesses and hired an independent valuer to determine the fair value of identifiable assets acquired and liabilities assumed. As a result, the Group recorded provisional goodwill of Baht 37 million in the consolidated statement of financial position as at 31 December 2023.</p> <p>The accounting for this transaction is material and complex due to the significant judgments of management that are required to determine the fair value of assets acquired and liabilities assumed. I considered this as key audit matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- Reading the sale and purchase agreement to obtain an understanding of key terms and conditions;</li> <li>- Evaluating the appropriateness of the identification of all assets acquired and liabilities assumed by the Group;</li> <li>- Evaluating the appropriateness of assumptions and methodologies used in valuing the fair value of assets acquired and liabilities assumed in the draft valuation report determined by an independent valuer and testing the calculation;</li> <li>- Evaluating knowledge, competency and independence of the independent valuer of the Group;</li> <li>- Involving the KPMG valuation specialist in evaluating financial variables used in determining the discount rate, the identification of intangible assets, the valuation methodology used and the appropriateness of the calculation relating to the identification of intangible assets; and</li> <li>- Evaluating the adequacy of the financial statement disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

<b>Valuation of inventories</b>	
Refer to note 8	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>As modern medicine, traditional medicine, herbal product and dietary supplements are in highly competitive market where new products are continuously launched to meet customer's demand, sales of the Company's products are highly depend on market conditions. Consequently, certain inventories of the Company are obsolete and long outstanding, which result in the risk that the cost of inventory will be stated above their net realisable value.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- Inquiry the management to obtain an understanding of the Company's policy in relation to the determination of an allowance for obsolete and slow-moving inventories and the Company's compliance with this policy;</li> <li>- Evaluating the design and implementation of internal controls related to the estimation of allowance for obsolete and slow-moving inventories;</li> <li>- Attending inventory counts and observed on sampling basis the condition of inventories;</li> </ul>

<b>Valuation of inventories</b>	
Refer to note 8	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>Due to the materiality of the inventory balance to the financial statements, and the significant judgment of management required in determining allowance for obsolete and slow-moving inventories. I considered the allowance for obsolete and slow-moving inventories as key audit matter.</p>	<ul style="list-style-type: none"> <li>- Testing the accuracy of inventory aging calculation in the inventory aging report with relevant supporting documents on sampling basis to ensure that inventories are classified within an appropriate range;</li> <li>- Assessment the reasonableness of management’s assumptions used in determining the percentage of obsolete and slow-moving inventories by comparing with historical information, verifying with relevant supporting documents and tested calculation;</li> <li>- Evaluating the adequacy of the financial statement disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

<b>The impairment testing of property, plant and equipment</b>	
Refer to note 11	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>During 2023, the management assessed the indication of impairment of property, plant and equipment leading to impairment testing of Lamphun’s plant. The management determined the recoverable amount by applying value in use which estimated from discounted cash flow generated from utilisation of the plant.</p> <p>Due to the significant judgement involved in determining key assumptions used in estimating recoverable amount and the materiality of property, plant and equipment balance to the financial statements, I considered this as key audit matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- Assessment whether the identification of the cash generating units were appropriate;</li> <li>- Evaluating appropriateness of the discounted cash flow provided by the Company and the Company’s assumptions applied in the value-in-use method against relevant documents as well as externally derived data; including evaluated the financial parameters applied to the discount rate;</li> <li>- Analysis historical information to support the precision in the Company’s estimation process;</li> <li>- Assessment appropriateness of principles and mathematical calculation applied in discounted cash flow and evaluate sensitivity analysis around the key assumptions;</li> <li>- Evaluating the adequacy of the financial statement disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

### *Emphasis of Matters*

- 1) I draw attention to note 4 to the financial statements, during the year ended 31 December 2023, the Group has acquired businesses and hired an independent appraiser to determine the fair value of the identifiable assets acquired and liabilities assumed from the business acquisitions. As at the reporting date, the reviews have not yet been completed therefore the determination of the fair value and the allocation of the purchase price was determined provisionally and is subject to potential amendment.
- 2) I draw attention to note 4 to the financial statements, during the year ended 31 December 2023, the Group acquired shares of certain company which were under common control of the same ultimate controlling shareholder. The Group prepared the consolidated financial statements by including the company under common control to reflect the economic substances of the company within the Group as one economic unit before 1 January 2022, although the legal form of the relationship between the Group and the subsidiary was not effective until after that date.

My opinion is not modified in respect of these matters.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

## *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated and 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and 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 my 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 Group's and 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 Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and 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 Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Kanokorn Phooriphanyawanit)  
Certified Public Accountant  
Registration No. 10512

KPMG Phoomchai Audit Ltd.  
Bangkok  
29 February 2024