Silva Pharmaceuticals Limited

Utilization of IPO Fund Proceeds

For the month ended 31th March 2026

AUDITORS' REPORT

on

Utilization of IPO Proceeds

Qualified Opinion

We have audited the annexed Statement of Initial Public Offering (IPO) Proceeds Utilization of **Silva Pharmaceuticals Limited** for the month ended 31th March 2026 as per required by Bangladesh Securities and Exchange Commission (BSEC) under Section 2CC of the Securities and Exchange Ordinance, 1969.

In our Opinion, except for the effects of the matters described in the Basis for Qualified Opinion section in our report, the Statement of Initial Public Offering (IPO) Proceeds Utilization, prepared in accordance with Bangladesh Securities and Exchange Commission Rules 2020 and Condition laid down in clause 2, 3, 5 & 6 of PART- C of consent letter # BSEC/CI/IPO-269/2017/429, Dated 28 June, 2018 and other applicable laws and regulations, gives a true and fair view of the statement for the month ended 31th March 2026.

Basis for Qualified Opinion

1. The Company transferred IPO proceeds from the BSEC-approved dedicated bank account to a non-designated account, which is a non-compliance with the clause 6 of BSEC consent letter# BSEC/CI/IPO-269/2017/429, Dated 28 June, 2018. Furthermore, our audit revealed that these IPO funds were commingled with non-IPO funds, causing a mismatch between the bank statement's closing balance and the actual un-utilized IPO fund, which is supported by the reconciliation attached as Annexure B.
2. As per the condition of the clause 3 of BSEC consent letter# BSEC/CI/IPO-269/2017/429, Dated 28 June, 2018, the company is required to submit the monthly IPO proceeds utilization report to the Commission within the 15th day of the subsequent month. However, the company failed to submit the report within this stipulated time.

As per TOR, we draw attention to the following matter:

1. During the period under audit, no expenses were incurred in respect of Civil Construction. However, the company has utilized an accumulative amount of Tk. 60,532,650 up to 31th March 2026 which was 104.26% of the amount specified in the prospectus and thereafter revised utilization plan for the purpose of Civil Construction. As such, approval was a pre-requisite from the respected shareholders and concerned regulatory authority for the excess utilized amount of Tk. 2,474,124.
2. Based on the resolution of the 9th Extraordinary General Meeting (EGM) dated 30 December 2025, the company reallocated the unutilized IPO principal amounting to Tk. 28,182,638.00 from the head 'Machinery and Equipment' to 'Working Capital Requirement'. However, the timeline for such reallocation was not specified in the respective EGM resolution. The company had already utilized a cumulative amount of Tk. 94,317,362, representing 100% of the allocated fund up to 31th March 2026, for the purchase of Machinery and Equipment. The remaining amount of Tk. 28,182,638 has been transferred to the head 'Working Capital Requirement' as per the decision of 9th EGM.
3. The Company has utilized Tk. 99,000,000 which was 100% of the budgeted amount up to 31th March 2026, for the purpose of repayment of bank borrowings as specified in the prospectus.

4. The Company has utilized Tk. 20,441,474 which was 100% of the budgeted amount up to 31th March 2026 for the purpose of IPO expenses as specified in the prospectus and thereafter revised utilization plan.
5. The company has utilized Tk. 1,015,937 which is 20.99% of the total un-utilized amount up to 31th March 2026 for the purpose of 'Working Capital Requirement' as per the decision of 9th EGM dated 30 December 2025.

Management's Responsibility for the IPO proceeds Utilization

Management is responsible for the preparation and fair presentation of these IPO proceeds utilization statement in accordance with Bangladesh Securities and Exchange Commission Rules 2020, Condition laid down in clause 2, 3, 5 & 6 of PART-C of consent letter # BSEC/CI/IPO-269/2017/429, Dated 28 June 2018 and other applicable laws and regulations.

Auditor's Responsibility

Our responsibility is to express an independent opinion on these Initial Public Offering (IPO) proceeds utilization statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs), Bangladesh Securities and Exchange Commission Rules 2020, Condition laid down in clause 2, 3, 5 & 6 of PART- C of consent letter# BSEC/ CI/IPO-269/2017/429, Dated 28 June, 2018 and other applicable laws and regulations.

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

We also state that:

a) IPO proceeds have been utilized for the purposes as specified in the prospectus and thereafter revised utilization plan except the above said issues no.1,2 & 5 of the Company;

b) IPO proceeds have been utilized in so far line with the conditions of the BSEC's consent letter for the IPO except the non-maintenance of a dedicated bank account and the commingling of funds as detailed in the Basis for Qualified Opinion.

c) The time frame for completion of the utilization of IPO proceeds was revised and wasn't completed within the time frame as specified in the resolution of 23rd Annual General Meeting (AGM).

d) Utilization of IPO proceeds is accurate for the purpose of the company as mentioned in the prospectus and 18th AGM of the Company and subsequent AGM/EGM.

e) Audit statement has been made on verification of all necessary documents/papers/vouchers in support of utilization of IPO proceeds making reconciliation with bank statements, **subject to the un-utilized variance reconciliation attached as Annexure B**.

Mesbah Uddin FCA
Partner
ICAB Enroll No.: 1533
FRC Enlistment No.: CA-001-177
Pinaki & Company
Chartered Accountants
FRC Firm Enlistment No.: CAF-001-133

Dhaka, Bangladesh
Dated: 17 August 2026

Report on Utilization of IPO Proceeds
For the Month of March 2026

Name of the Company:	**: Silva Pharmaceuticals Limited**
Amount (BDT) of capital raised through IPO:	: BDT 300,000,000
Date of Close of Subscription:	: 05 August 2018
Proceeds Receiving Date:	: 10 October 2018
Last Date of Full Utilization of IPO Fund as per Prospectus	: As stated in time line columns

(Amount in BDT)

S.L	*Purpose mentioned in the prospectus / 18th AGM*	*Time Line*							*Amount as per Prospectus*	*Amount as per 18th AGM*	*Amount as per 9th EGM*	*Status of Utilization/Transfer of Fund*									*Remarks*
		As per Prospectus	*As per 18th AGM*	*As per 19th AGM*	*As per 21st AGM*	*As per 22nd AGM*	*As per 23rd AGM*	*As per 9th EGM*				*Opening*	*During the Month*	*Total Utilized Amount*	*Utilized %*	*Excess Utilized amount*	*Excess-utilized %*	*Transfer*	*Total unutilized amount*	*Un - utilized %*	
1	Civil Construction	09.04.2020	09.10.2020	31.12.2022	N/A	N/A	N/A	N/A	56,000,000	58,058,526	58,058,526	60,532,650	-	60,532,650	104.26	2,474,124	4.26	-	-	-	With reference to the 9th EGM dated 30 December 2025, the unutilized amount for Machinery and Equipment of Tk. 28,182,638 has been transferred to a new fund head under Working Capital Requirement.
2	Machinery and Equipment	09.04.2020	09.10.2020	31.12.2022	31.12.2023	31.12.2024	31.12.2025	30.12.2025	122,500,000	122,500,000	94,317,362	94,317,362		94,317,362	100.00	-	-	28,182,638	-	-	
3	Repayment of Bank Borrowing at prospectus	09.01.2019	N/A	N/A	N/A	N/A	N/A	N/A	99,000,000	99,000,000	99,000,000	99,000,000	-	99,000,000	100.00	-	-	-	-	-	
4	IPO Expenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	22,500,000	20,441,474	20,441,474	20,441,474	-	20,441,474	100.00	-	-	-	-	-	
5	Working Capital Requirement	N/A	N/A	N/A	N/A	N/A	N/A	NA	-	-	28,182,638	4,900,200	1,015,937	5,916,137	20.99	-	-	-	22,266,501	79.01	
Total									**300,000,000**	**300,000,000**	**300,000,000**	**279,191,686**	**1,015,937**	**280,207,622**	**93.40**	**2,474,124**	**0.82**	**28,182,638**	**22,266,501**	**7.42**	

Notes:

a) Actual application was received almost 25.76 Times.

b) IPO proceeds have been utilized for the purposes/heads as specified in the propectus, AGM/EGM and in line with the condition of the Commission's consent letter.

c) Interest on IPO Proceeds in BDT (from FDR & SND) - Net of Charges, Tax and Duties etc. | 31,843,448

d) Un-Utilized IPO Proceeds with interest income in BDT - | 45,079,622

(Annexure-A)

Silvana Mirza
Chairman

Mohammad Enayet Ullah
DGM (Operations & CEO (c.c)

Md. Abul Kasem
Chief Financial Officer

Md. Abul Hossain
Company Secretary

Mesbah Uddin FCA
Partner
ICAB Enroll. No: 1533
FRC Enlistment No.: CA-001-177
Pinaki & Company
Chartered Accountants
FRC Firm Enlistment No.: CAF-001-133

Dhaka
Dated : 17 August 2026

Silva Pharmaceuticals Limited
IPO Fund Reconciliation Statements
For the Month of March 2026

Annexure-A

Total unutilized amount (Working Capital Requirement)(Principal Portion)	22,266,501
Add: Interest on IPO Proceeds in BDT (from FDR & SND)-Net of Charges, Tax and Duties etc.	31,843,448
	54,109,950
Less: Amount Utilized from Interest:	
as Civil Construction	2,474,124
as working capital	6,556,203
Total Amount Utilized from Interest	**9,030,327**
Un-Utilized IPO Proceeds with interest income in BDT	**45,079,623**

PINAKI & CO. CHARTERED ACCOUNTANTS

Silva Pharmaceuticals Limited

Reconcilation of Shahjalal Islami Bank PLC, Account No: 401211100007640

For the Month of March 2026

Annexure-B

Balance as on 31-03-2026 as per Bank Statement				**57,104,990**
Less:	Amount of IPO Fund Utilization Balance		45,079,623	
	Company Other Non IPO Fund Balance		12,025,367	
	Total			**57,104,990**

Company Other Account Fund Mixed in February 2026			12,043,144
Add	Opening, Closing Balance Adjustment Acc-9660	38,904	
	Less: Opening Balance Adjustment Acc-7640	21,127	
			17,777
Company Other Non IPO Fund Balance			**12,025,367**

PINAKI & CO. CHARTERED ACCOUNTANTS