Laboratorios Grin, S. A. de C. V.
(subsidiary of Lupin Atlantis Holdings)

Financial Statements,

As of March 31,2021,
With comparative figures as of March 31,2020

(With Independent Auditors' Report
Financial information)

Laboratorios Grin, S. A. de C. V.

(subsidiary of Lupin Atlantis Holdings, S. A.)

Financial Statements
For the years ended March 31, 2021, and 2020

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Independent Auditors' Report

The Board of Directors and Stockholders
Laboratorios Grin, S. A. de C. V.

Opinion

We have audited the financial statements of Laboratorios Grin, S. A. de C. V. ("the Company"), which comprise the statement of financial position as at March 31, 2021, the statements of comprehensive income, changes in Stockholders' Equity and cash flows for the year then ended, and notes, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Mexican Financial Reporting Standards (MFRS).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with MFRS, 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 has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

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 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 auditors' 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 auditors' 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 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.

Other Matters

The Financial Statement for the year ended March 31, 2020, was audited by another auditor who expressed an unmodified opinion on such financial statement on May 19, 2020 and is presented for comparative purposes only.

KPMG CARDENAS DOSAL, S. C.

Alejandro Ruiz Luna

Mexico City, May 5, 2021.

Laboratories Grin, S. A. de C. V.

(subsidiary of Lupin Atlantis Holdings, S. A)

Statements of Financial Position

March 31, 2021 and 2020

(Mexican pesos)

Assets		**2021**	**2020**
Current assets			
Cash, cash equivalents and restricted cash (notes 3(b) and 5) (restricted cash as of March 2021 $2,532,049)	$	170,367,992	92,289,402
Derivative financial instruments (note 7)		128,132	-
Accounts receivable (notes 3(d) and 8):		123,433,271	176,981,966
Other receivables (note 12)		50,191,999	49,795,220
Inventories - Net (notes 3(e) and 9)		104,361,933	104,061,517
Advanced payments (notes 3(f) and 10)		7,861,455	8,836,440
Total current assets		456,344,782	431,964,545
Property, machinery and equipment - net (notes 3(g) and 13)		394,864,665	419,761,896
Intangible assets-Net (notes 3(i) and 14)		21,078,270	19,707,958
Right-of-use asset (notes 3(h) and 15)		723,013	1,209,769
Deferred income taxes (notes 3(m) and 20)		34,544,621	28,415,048
Deferred employees' statutory profit sharing (notes 3(m) and 20)		11,323,388	9,617,704
Total assets	$	918,878,739	910,676,920

Liabilities and Stockholders' Equity		**2021**	**2020**
Current liabilities			
Current Installments of:			
Long-term debt, (current portion) (note 17)	$	33,429,806	32,481,616
Lease liabilities, (current portion) (notes 3 (h) and 15)		520,620	-
Trade accounts payable (notes 3 (j) and 7)		38,880,486	44,487,540
Accruals (notes 3 (k) and 16)		43,665,806	18,695,312
Other accounts payable and accrued expenses		17,036,496	13,601,663
Employees' statutory profit sharing (notes 3 (m) and 20)		13,238,244	8,157,290
Related parties (note11)		10,334,004	7,983,224
Obligations for delivery of products		7,329,438	14,914,699
Total current liabilities		164,434,900	140,321,344
Long-term debt related parties (note 11)		162,305,820	215,500,166
Long-term debt (note 17)		43,780,899	77,641,319
Lease liabilities (excluding current installments) (Notes 3 (h) and 15)		276,369	1,269,491
Employee benefits (notes 3 (l) and 18)		14,504,564	15,743,710
Total liabilities		385,302,552	450,476,030
Stockholders's equity:			
Capital stock (note 19 (a))		187,000,000	187,000,000
Legal Reserve		37,400,000	37,400,000
Retained earnings and other capital accounts		315,796,083	247,445,106
Other comprehensive income (note 19 (b))		(6,619,896)	(11,644,216)
Total stockholders' equity		533,576,187	460,200,890
Total liabilities and stockholders·equity	$	918,878,739	910,676,920

The accompanying notes are an integral part of these financial statements

Mr Luis Guillermo Cortes Pelaez (General Director)

Mss Snehal Kolwankar (CFO)

Laboratories Grin, S. A. de C. V.
(subsidiary of Lupin Atlantis Holdings, S. A)

Statements of comprehensive income

March 31, 2021 and 2020

(Mexican pesos)

		2021	2020
Net sales (notes 3(n) and 21)	$	622,003,546	689,713,529
Cost of sales (notes 3(e) and 22)		237,052,815	305,817,229
Gross profit		384,950,731	383,896,300
Expenses (note 22)			
Selling and distribution		163,054,148	219,543,325
Administravive		111,445,932	87,475,622
Research and development		17,897,375	24,312,779
Total expenses		292,397,455	331,331,726
Operating income		92,553,276	52,564,574
Comprehensive financing result:			
Interest income		(4,538,653)	(1,281,295)
Interest expense (LAHSA) (note 11)		9,733,034	10,429,050
Interest expense (Banamex) (note 17)		9,785,256	13,248,352
Interest on Leasing equipment (note 15)		105,454	150,807
Foreign exchange (gain) loss (note 6)		(26,399,773)	44,111,968
Comprehensive financial result - net		(11,314,682)	66,658,882
Profit (loss) before income tax		103,867,958	(14,094,308)
Income tax (notes 3(m) and 20)		35,516,981	(4,458,913)
Net income (loss)		68,350,977	(9,635,395)
Other comprehensive income:			
Remeasurements of defined benefit liability (note 19(b))		5,024,320	(3,640,658)
Comprehensive income (loss) for year	$	73,375,297	(13,276,053)

The accompanying notes are an integral part of these financial statements

Mr Luis Guillermo Cortes Pelaez (General Director)

Mss Snehal Kolwankar (CFO)

Laboratories Grin, S. A. de C. V.
(subsidiary of Lupin Atlantis Holdings, S. A)

Statements of Changes in Stockholders' Equity

March 31, 2021 and 2020

(Mexican pesos)

		Capital stock	Legal reserve	Earnings	Subtotal	Other comprehensive income	Total stockholders' equity
Balances at March 31, 2019	$	187,000,000	37,400,000	257,080,501	481,480,501	(8,003,558)	473,476,943
Net loss of the year		-	-	(9,635,395)	(9,635,395)	(3,640,658)	(13,276,053)
Balances at March 31, 2020		187,000,000	37,400,000	247,445,106	471,845,106	(11,644,216)	460,200,890
Net profit of the year				68,350,977	68,350,977	5,024,320	73,375,297
Balances at March 31, 2021	$	187,000,000	37,400,000	315,796,083	540,196,083	(6,619,896)	533,576,187

The accompanying notes are an integral part of these financial statements

Mr Luis Guillermo Cortes Pelaez (General Director)

Mss Snehal Kolwankar (CFO)

Laboratories Grin, S. A. de C. V.
(subsidiary of Lupin Atlantis Holdings, S. A)

Statements of cash of flows

March 31, 2021 and 2020

(Mexican pesos)

		2021	2020
Cash flows from operating activities:			
Income before income taxes	$	103,867,958	(14,094,308)
Items relating to investing activities:			
Depreciation and amortization		31,061,082	34,892,449
Short-term lease payments		486,756	486,756
Loss on sale of equipment		(348,912)	(1,729,263)
Interest income		(4,538,653)	(1,378,805)
Interest expense		19,623,744	23,677,402
Deferred employee statutory profit sharing		(1,705,684)	(6,533,793)
Unrealized foreign exchange loss		(29,750,945)	13,659,531
Derivative financial instruments		(128,132)	-
Period Net Cost (CNP)		11,077,248	5,273,282
		129,644,462	54,253,251
Change in working capital			
Accounts receivable		52,405,103	8,205,672
Other receivables		(396,779)	(9,127,422)
Inventories, net		(300,416)	94,780,687
Prepayments		1,458,555	6,012,630
Trade accounts payable		(5,607,019)	(31,433,148)
Other liabilities		2,962,331	8,473,275
Accruals		24,970,494	113,356
Income taxes paid		(41,646,554)	(12,159,889)
Employee statutory profit sharing		5,080,954	(1,605,282)
Employee benefits		(7,292,074)	(5,975,152)
Related parties		33,245,282	2,031,480
Obligations for delivery of products		(7,585,261)	12,386,406
Net cash provided by operating activities		186,939,078	125,955,864
Cash flows from investing activities:			
Acquisitions of property and equipment		(4,548,500)	(28,843,883)
Acquisitions of intangible assets		(4,565,510)	(3,651,322)
Proceeds from sale of equipment		1,445,189	2,922,609
Interest received		4,538,653	1,378,805
Net cash used in investing activities		(3,130,168)	(28,193,791)
Cash surplus to be applied in financing activities		183,808,910	97,762,073
Cash flows from financing activities:			
Interest paid to Lupin Atlantis Holdings S.A.		(9,733,034)	(10,429,050)
Interest paid to Bank loans		(9,785,256)	(13,248,352)
Payments of loans Lupin Atlantis Holdings S.A.		(53,194,346)	-
Payments of loans lease obligations		(105,454)	(427,034)
Payments of Bank loans and long-term loans		(32,912,230)	(32,825,183)
Net cash (used) provided by financing activities		(105,730,320)	(56,929,619)
Net increase in cash and cash equivalents		78,078,590	40,832,454
Cash and cash equivalents:			
At beginning of year		92,289,402	51,456,948
At end of year	$	170,367,992	92,289,402

The accompanying notes are an integral part of these financial statements

Mr Luis Guillermo Cortes Pelaez (General Director)   Mss Snehal Kolwankar (CFO)

Laboratorios Grin, S. A. de C. V.

(subsidiary of Lupin Atlantis Holdings, S. A.)

Notes for the financial statements

For the years ended March 31, 2021, and 2020

(Mexican pesos)

(1) Description of business-

Laboratorios Grin, S. A. de C. V. (the Company), is a direct subsidiary of Lupin Atlantis Holdings, S. A., subsidiaries of Lupin Limited, which issues consolidated financial statements, and was constituted on September 14, 1955 in Mexico City, with a duration of 100 years. The main activity of the Company is manufacturing, formulation, marketing, import, export and selling of ophthalmic products.

For Lupin Limited Consolidation purposes, the Company has determined that its normal operating cycle comprises from April 1 to March 31 each year. The address of its registered office is at Rodriguez Saro No. 630, Col. Del Valle, C.P. 03100, Mexico City.

Relevant events-

In December 2019, COVID-19 was reported to have surfaced in Wuhan, China and has continued to spread globally. The World Health Organization and certain national and local governments have classified COVID-19 as a pandemic. The COVID-19 outbreak has disrupted financial markets and the ultimate impact on global, national and local economies is uncertain.

In general, the company continued operating under regular basis, because the Healthcare and Pharmaceuticals & life sciences sectors, are declared as a priority sectors for the economy, established by the Mexican government. However, change in the product mix and closure of country borders could affect the Company's profitability in the medium term.

The management team has implemented various contingency measures to promote the well-being of its employees and their families and the operational continuity of the Company. At that moment is impossible to predict the final impact that the Company could experience, because the COVID-19 pandemic continues to evolve and is uncertainty the magnitude and duration in Mexico, the Company requiring constant monitoring of the behavior of all the variables that affect their performance; however, all possible actions have been taken and expected to mitigate and offset the effects between products to achieve the Company's objectives.

As a part of measures that company has taken due to Covid-19 contingency, in November 2020 a re-organizational change was performed, consisting in an employee restructure impacting 43 job positions and finalizing with the retirement of former CEO effective on January 12th, 2021. The economic impact of such organizational change registered as of March 31, 2021 is $18.5 million Mexican Pesos.

(2) Financial statement authorization and presentation-

Authorization-

On May 5, 2021, Luis Guillermo Cortes Pelaez (CEO) and Snehal Kolwankar (CFO) authorized the issuance of the accompanying financial statements and related notes thereto.

Basis of preparation-

a) Statement of compliance

The accompanying financial statements have been prepared in accordance with Mexican Financial Reporting Standards (MFRS).

b) Use of estimates and judgments

The preparation of the financial statements requires Management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment; valuation allowances for accounts receivable, other receivables, inventories and deferred income tax assets and liabilities related to employee benefits. Actual results could differ from those estimates and assumptions.

Judgments-

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

— Note 15 - leases: whether an arrangement contains a lease

Assumptions and estimation uncertainties-

Information about assumptions and estimation uncertainties at March 31, 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

— Note 18 - measurement of defined benefit obligations: key actuarial assumptions.
— Note 20 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.

c) Functional and reporting currency

The financial statements are presented in Mexican pesos (reporting currency), which is the same as the local currency and the functional currency. For purposes of disclosure, "pesos" or "$" means Mexican pesos, and "dollars" or "US$" means U.S. dollars.

d) Statement of comprehensive income presentation

The Company opted for reporting comprehensive income in a single statement that includes all the items that comprise net income, other comprehensive income (OCI) entitled "Statement of Comprehensive Income".

Given that the Company is commercial, ordinary costs and expenses are presented based on their function, to arrive at the gross profit margin. Additionally, the "Operating income" line item is included, which results from subtracting the cost of sales and expenses from net sales, as this line item is considered to provide a better understanding of the Company's economic and financial performance.

(3) Summary of significant accounting policies-

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company:

a) Recognition of the effects of inflation-

The accompanying financial statements have been prepared in accordance with Mexican FRS and include the recognition of the effects of inflation on the financial information through December 31, 2007, based on the Mexican National Consumer Price Index (NCPI). Annual and cumulative inflation percentage of the last three years are as follows:

	Inflation	
March 31,	**Yearly**	**Cumulative**
2021	4.67%	11.92%
2020	3.25%	12.29%
2019	4.00%	14.39%

b) Cash, cash equivalents and restricted cash-

Cash and cash equivalents consist of checking accounts, foreign currency and other highly liquid instruments. At the date of the financial statements, interest income and foreign exchange gains and losses are included in the statement of comprehensive income.

Restricted cash as of March 31, 2021 of $2,532,049 is held as part of financial derivatives instrument requirements. See note 5 and 7.

c) Financial instruments-

i. Recognition and initial measurement
Financial assets and liabilities - including accounts receivable and payable - are initially recognized when these assets are originated or acquired, or when these liabilities are issued or assumed, both contractually.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVI, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets and financial liabilities (unless it is an account receivable or payable without a significant financing component) are measured and initially recognized at fair value, in the case of financial assets or liabilities not measured at fair value with changes through OCI, plus the transaction costs directly attributable to acquisition or issuance, when subsequently measured at amortized cost. An account receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets-

Upon initial recognition, financial assets are classified in the following categories, according to the business model and the characteristics of the contractual cash flows therefrom, as follows:

— Accounts receivable, which includes accounts receivable derived from the sale of goods and services and other accounts receivable derived from activities other than the sale of goods and services.
— Financial instruments to collect principal and interest (FICPI), whereby the holder intends to recover the contractual cash flows that the instrument entails. The terms of the contract provide for cash flows on pre-established dates, which correspond only to payments of principal and interest (yield), typically based on the amount of the outstanding principal. The FICPI must have characteristics of a financing arrangement and be managed based on contractual performance.
— Financial instruments to collect or sell (FICS), measured at fair value with changes through other comprehensive income (FVOCI), whereby the holder intends both to collect contractual cash flows of principal and interest and to obtain a profit on sale when the opportunity arises; and

The classification of financial assets is based on both the business model and the characteristics of the contractual cash flows therefrom. According to the business model, a financial asset or a class of financial assets (a portfolio), can be managed under:

— A model that seeks to recover contractual cash flows (consisting of principal and interest).
— A business model that seeks, both the recovery of contractual cash flows as in the previous model as well as obtaining profit through the sale of financial assets, necessitating a combined management model for these financial assets.
— A model that seeks maximum return through the purchase and sale of financial assets.

Financial assets - Business model assessment:

The Company assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

— The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining an interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

Financial assets - Subsequent measurement and gains and losses:

Negotiable Financial instruments (NFI)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in income. However, for derivatives designated as hedging instruments. See note 7

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are initially recognized at fair value and subsequently are measured at amortized cost Financial liabilities arising from the contracting or issuance of financial debt instruments are initially recognized at the value of the obligation they represent (at fair value) and will subsequently be measured at amortized cost using the effective interest method, where expenses, premiums and discounts related to the issue are amortized through the effective interest rate. Interest income and gains and losses on translation of foreign currency are recognized in income. Any gain or loss on derecognition of accounts is recognized in income.

iii. Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in income.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously

v. Derivative financial instruments

Financial instruments -

The Company holds derivative financial instruments to cover and align its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in income.

Impairment

Impairment Losses are recognized within the net income or loss of the period, when the carrying amount of an asset exceeds the amount pending recognition as income in exchange for the goods or services to which the asset relates, less, costs directly related to the supply of those goods or services that have not yet been recognized as expenses

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

— contract assets.

Loss allowances for trade receivable and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, except in cases where the Company has information that the risk has not increased significantly.

The Company considers a financial asset to be in default when:

— the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Company to actions such as realizing security (if any is held); or
— the financial asset is more than 90 days past due, or when the Company has reasonable and supported information to consider that a longer term is a more appropriate criterion.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, about past events, current conditions and forecasts of future economic conditions.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset. Presentation of allowance for ECL in the statement of financial position Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

ECLs are calculated based on collection history, at March 31, 2021, based on those rates ECL has been calculated.

Type of product	Channel	Up to 7 days	Up to 30 days	Up to 60 days	Up to 90 days	91 or more days	total
Regular	Wholesaler	1.02%	1.71%	1.92%	2.45%	3.64%	1.47%
Regular	Chain	1.09%	1.58%	1.93%	2.44%	4.58%	1.22%
Regular	Goverment	0.49%	0.87%	1.24%	0.00%	0.00%	0.53%
Regular	Bidding	1.01%	1.24%	2.08%	2.58%	3.37%	1.09%
Regular	Other	0.74%	1.25%	1.74%	3.07%	4.10%	1.36%
Regular	Export	0.97%	1.60%	2.08%	2.62%	4.29%	2.26%
New	Wholesaler	1.93%	2.78%	3.01%	3.84%	5.49%	4.59%
New	Chain	1.92%	2.35%	0.00%	2.95%	5.28%	4.77%
New	Goverment	1.53%	2.07%	0.00%	0.00%	0.00%	2.00%
New	Export	1.93%	0.00%	0.00%	0.00%	0.00%	1.93%
Total		**0.97%**	**1.62%**	**1.92%**	**2.69%**	**4.45%**	**2.63%**

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due, based on historical experience of recoveries of similar assets.

d) Accounts receivable-

Accounts receivable are recognized when the good or service is accrued, that is, when control has been transferred in accordance with the contract entered with customers. Accounts receivable are initially valued at the price of the transaction based on the contracts with customers and subsequently at the price of the transaction pending collection minus bonuses, discounts or refunds and the allowance for credit losses, if applicable. See note 8

e) Inventories and cost of goods sold-

At Mach 31, 2021 and 2020, inventories and cost of sales are expressed at their cost, determined through the average cost. Values determined like this do not exceed their net realization value.

Costs to obtain or fulfil a contract with a customer that have been incurred to generate future income with the customer (cost of sale) are recognized within the inventory item; these costs do not include profit margins or indirect expenses not attributable to the services that are normally considered in the price. Based on the moment in which they are applied to the net profit or loss, they are classified as short or long terms, as appropriate. See note 22

Inventory is subject to annual impairment testing with the purpose of identifying obsolescence, damaged inventory or low market values. In the event the amount of inventory future economic benefits, its net estimated realization value, is lower to its net carrying amount, an impairment loss is recognized which is recorded in the sales cost of the period presented. See note 9.

f) Prepayments-

Advanced payments represent such expenditures made by the Company where the risks and benefits inherent to the goods to be acquired or services to be received have not been transferred. Advanced payments are recorded at their cost and presented in the statement of the financial position as current or non-current assets, depending on the destination item. See note 10

g) Property, plant and equipment-

The property, plant and equipment are expressed at their acquisition cost. Therefore, as of March 31, 2021, property, machinery and equipment are stated at its historical cost less the accumulated depreciation. Depreciation on property, plant and equipment is calculated on the straight-line method over the estimated useful lives of the assets as determined by the Company's Management. The total useful lives and annual depreciation rates of the principal asset classes are as follows. See note 13.

	Rates
Buildings	5%
Machinery and equipment	10%
Transportation equipment	25%
Office furniture and equipment	10%
Computer equipment	30%

Minor repairs and maintenance costs are expensed as incurred.

Property, plant and equipment are subject to annual impairment testing only when impairment indicators are identified; accordingly, these are expressed at their modified historical cost, less cumulative depreciation and, in its case, impairment losses.

h) Leases-

At inception of a contract, the Company assesses whether a 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 in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in FRS D-5.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on its relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate or the risk-free rate determined with reference to the lease term. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.
The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. See note 15.

i) Intangible assets-

Intangible assets with definite useful life mainly include licenses and trademarks. There also include sanitary permits issued for the selling of certain products by the Federal Commission for the Protection against Sanitary Risk (COFEPRIS). The factors determining the useful life of these assets are established by "Ley General de Salud". These assets are recorded at acquisition cost or development cost and amortized using the straight-line. See note 14.

The total useful lives and annual amortized rates of the principal asset classes are as follows:

	Rates
Licenses and trademarks	10%
Sanitary permits	20%

j) Trade accounts payable-
This item includes obligations with suppliers for purchases of goods or services acquired in the normal course of Company's operations. They are initially recognized at the transition price for the goods and services received and tax, and any other amount the supplier has transferred to the entity on behalf of third parties. Subsequent recognition is at amortized cost, which must include, among others, the increases due to the cash interest accrued and the decreases for the principal and interest payments and, where appropriate, the effect of any write-off obtained on the amount payable. When the payment term does not exceed one year, its amortized cost should not be determined. When collection is expected in a period of one year or less from the closing date (or in the normal operating cycle of the business if this cycle exceeds this period) they are presented as current liabilities. If the above is not met, they are presented as non-current liabilities. See note 7.

k) Accruals-

Operating activities	A provision for operating activities and row materials are booked when a P.O has been granted and delivered to the supplier as a commitment, and reception date is under actual period
Restructuring	A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.
Audit and Consultancy services	A provision for statutory audits and consultancy services are booked base on agreements sign to provide services related with actual period.
Contractual Provision (Opex)	A provision for contractual agreements for non-operating services are booked when a P.O has been granted and delivered to the supplier as a commitment, and reception date is under actual period
Direct benefits to employees	A provision for future benefits to employees as Christmas bonus and Annual bonus are included on a monthly basis, expense is realized on annual basis.
Lawsuits	A provision for Lawsuit is booked base on each legal case and the probability of default. This probability is based on confirmation of Legal consultants and Legal Director of Laboratorios Grin
Sales & Marketing	A provision for sales & marketing are booked based on obligations on costumer contracts that includes some benefits after revenue recognition process finished, as Fee for services and Fee for centralized delivery.
Other Services	A provision for Utilities (Water & Electricity) is included as other services, provisions are booked base on previous month amount included in receipt that has been paid.
Incentives to sale force	A provision for incentives to sale force based current month sales is recognized, this expense is realized in next month.

l) Employee benefits-

Employees' benefits granted by the Company to its employees, including the benefit plans are described as follows:

Direct benefits (salary, overtime, vacation, holidays, compensated absences payments, etc.), are recognized in income as they accrue, and their corresponding liabilities are expressed at nominal value since they are short-term. Compensated absence payments based on the legal or contractual provisions, are non-cumulative.

Post-employment benefits are cumulative remunerations giving place to future benefits for employees, offered by the Company in exchange of current employee's services, whose right is granted to the employee during its working relationship and is acquired by the employee and/or beneficiaries at retirement from the entity and/or upon reaching the retirement age or another eligibility condition.

Post-employment benefits are classified as:

Liability recognized in the statement of the financial position regarding the defined benefit plans is the present value of the Defined Benefit Obligation (OBD, by its Spanish acronym) at the date of the statement of the financial position. OBD is calculated annually by external specialists, using the method of projected unit cost.

The present value of OBD is determined by discounting estimated future cash flows using discount rates in accordance with MFRS D-3, which are denominated in the currency in which benefits will be paid, and have maturity approximating the terms of the pension liability.

Discount rate used to determine the present value of working liability is the government band rate.

Termination benefits were analyzed in accordance to the Company's accounting policies and payments made, by which Management determined that these payments are non-cumulative and without preexisting conditions, thus they are considered termination benefits and will be recognized when the event takes place.

They were analyzed in accordance with the Company's policies and payments made, by which Management determined, these payments represent pre-existing conditions and are considered cumulative benefits, thus they are recognized ad post-employment benefits. They are payable when the working relationship is terminated by the Company before the normal retirement date or when an employee voluntarily accepts the termination of the employment relationship in exchange of these benefits. The Company recognizes termination benefits at the earliest of the following dates:

a) when the Company is no longer able to withdraw the offering of these benefits, and
b) at the time the Company recognizes costs for a restructuring involving the payment of termination benefits.

The Company provides short-term employee benefits, which include wages, salaries, annual compensation and bonuses, payable over the next 12 months. The Company determines the net financial expense (revenue) applying the discount rates to the net defined benefit liability (asset). See note 18

m) Income Tax (IT) and Employee Statutory Profit Sharing (ESPS)-

IT and ESPS payable for the year are determined in conformity with the tax regulations in effect.

Deferred IT and Deferred ESPS are accounted for under the asset and liability method. Deferred taxes and Deferred ESPS assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and in the case of IT, for operating loss carryforwards and other recoverable tax credits. Deferred tax and Deferred ESPS assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax and deferred ESPS assets and liabilities of a change in tax rates is recognized on the statement of comprehensive income in the period that includes the enactment date.

Current and deferred income taxes and ESPS are presented and classified in the results of operations of the period, except those arising from a transaction that is recognized in Other Comprehensive Income or directly in stockholders' equity. See note 20.

n) Revenue from contracts with customers -

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or service to a customer.

Sale of Goods-

The majority of the Company contracts related to product sales include only one performance obligation, which is to deliver products to customers based on purchase orders received. Revenue from sales of products is recognized at a point in time when control of the products is transferred to the customer, generally upon delivery, which the Company has determined is when physical possession, legal title and risks and rewards of ownership of the products transfer to the customer and the Company is entitled to payment. The time of the transfer of risk and reward varies depending on the individual terms of the sales agreements. Revenue from sale of goods is measured at the fair value of the consideration received or receivable (after including fair value allocations related to multiple deliverable and / or linked arrangement), net of returns, sales tax/ GST and applicable trade discounts, allowances and chargeback- Revenue includes shipping and handling cost billed to the customer.

o) Business and credit concentration-

Sales to Farmacias Guadalajara S. A. de C. V., Farmacos Nacionales S. A. de C. V., Nadro S. A.P.I., Farmacias de Similares S. A. de C. V. and Casa Marzam S. A. de C. V. represented 69.56% at March 2021 and 71.13% at 2020 of the company´s net sales.

p) Research and development costs-

Research costs are expensed off in the period of their incurrence, and development costs are accounted for as intangible asset equivalent to the expenses incurred, unless expensed off in previous years. See note 22.

q) Comprehensive financial results (CFR)-

The CFR includes interest income and expense and foreign exchange gains and losses. Transactions in foreign currency are recorded at the exchange rate prevailing on the date of execution or settlement. Monetary assets and liabilities are translated at the exchange rate in force at the statement of financial position date. Exchange differences arising from assets and liabilities denominated in foreign currencies are reported on the statement of comprehensive income.

r) Contingencies-

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, disclosure is provided in the notes to the financial statements. Contingent revenues, earnings or assets are not recognized until realization is assured. See note 23.

(4) Accounting changes and Standards issued-

The accounting changes recognized retrospectively by the Company in 2020, derived from adoption of the new FRS and Improvements to FRS mentioned below, issued by the Mexican Board of Financial Reporting Standards (Consejo Mexicano de Normas de Información Financiera, A. C. or CINIF). Those MFRS are not considered to have a significant affectation in the financial information to be presented by the Company.

2020 FRS Revisions

In December 2019, CINIF issued a document called "2020 FRS Revisions" containing precise modifications to some of the existing MFRS. The improvements made to the MFRS result in accounting changes in the annual financial statements, which are shown below:

FRS C-16 "Impairment of financial instruments receivable"- FRS C-16 establishes that if the FICPI was not deregistered due to renegotiation, it is appropriate to continue valuing the financial instrument using the original effective interest rate, which should only be modified by the effect of the renegotiation costs. This revision takes effect for the periods starting as of January 1, 2020, with early application allowed for 2019. The accounting changes that arise must be recognized retrospectively.

Management estimates that the adoption of this new MFRS shall have no significant effects.

FRS D-3 "Employee benefits"- MFRS D-3 lays the groundwork for recognizing uncertain tax treatments in Employee Statutory Profit Sharing (ESPS), both current and deferred, as well as the disclosure requirements in that regard. This revision takes effect for the periods starting as of January 1, 2020, with early application allowed for 2019. The accounting changes that arise must be recognized retrospectively or with the modified retrospective approach.

Management estimates that the adoption of this new FRS shall have no significant effects.

FRS D-4 "Income taxes"- FRS D-4 lays the groundwork for recognizing uncertain tax treatments in income taxes, both current and deferred, as well as the disclosure requirements in that regard. It also includes rules for the recognition of income taxes generated by a distribution of dividends. These revisions take effect for the periods starting as of January 1, 2020, with early application allowed for 2019. The accounting changes that arise must be recognized retrospectively or with the modified retrospective approach.

Management estimates that the adoption of this new FRS shall have no significant effects.

FRS D-5 "Leases"- FRS D-5: 1) incorporates the possibility of using a risk-free rate to discount future lease payments and thus recognize the lease liability of a lessee 2) restricts the use of a practical solution to prevent important and identifiable non-lease components from being included in the measurement of right-of-use assets and lease liabilities. This revision takes effect for the periods starting as of January 1, 2020, with early application allowed for 2019. The accounting changes that arise must be recognized retrospectively or with the modified retrospective approach.

Management estimates that the adoption of this new FRS shall have no significant effects.

(5) Cash, cash equivalents and restricted cash-

Cash and cash equivalents balance at March 31, 2021 and 2020, is mainly comprised by cash, bank deposits, foreign currency balances and temporary investments, all these are high liquidity and are subject to insignificant risks of changes in value. The integration of such balance is shown as follows:

		March 31,	
		2021	**2020**
Cash	$	10,500	5,500
Bank deposits		11,306,376	29,318,693
Temporary investments		159,051,116	62,965,209
	$	**170,367,992**	**92,289,402**

At March 31, 2021 the Company has restricted cash amounted $2,532,049. This amount should be unrestricted on May 31, 2021.

(6) Foreign currency exposure and translation-

The Company's exposure to foreign exchange rate risk at the end of the reporting period is expressed:

	March 31, 2021		**March 31, 2020**	
	USD	**EUR**	**USD**	**EUR**
Short term:				
Current assets	265,214	27,824	530,977	97,070
Current liabilities	1,255,477	158,077	1,399,867	8,036
Long-term liabilities	7,766,971	-	8,766,971	-
	9,022,448	158,077	10,166,838	8,036
Net liabilities (Net assets)	**8,757,234**	**130,253**	**9,635,861**	**(89,034)**

As of March 31, 2021, and 2020, foreign exchange (gains) losses amounting to $ (26,399,773) and $44,111,968, respectively, were recorded.

(7) Financial Instruments

Derivatives for trading purposes (not designated for hedging purposes)-

During 2021, a gain of $128,132 was recognized in the statements of comprehensive income, as a part of the comprehensive financing result as unrealized effects arising from the valuation of derivative financial instruments contracted during the year.

As of March 31, 2021, the Company maintained portfolios of explicit derivative financial Instruments that did not qualify to be designated for hedging purposes and, therefore, changes in their fair value were recorded in income for the year. Their amount came from the derivative financial instruments mentioned in the next page.

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Notes for the financial statements

Mexican pesos

Counterpart	Notional	Agreed	Expiration Date	Fair Value	Effect on results
Monex Financial Group	250,000	20.0650	30/04/2021	141,088	141,088
Monex Financial Group	250,000	20.7546	31/05/2021	-12,956	-12,956
				128,132	**128,132**

Restricted cash - As of March 31, 2021, due to the revaluation of the exchange rate of the peso against US dollars, the aforementioned derivative financial instruments required restricted cash, which is deposited in an investment account of the Company and are presented as restricted cash for $2,532,049. This restricted cash represents a guarantee as if the derivative financial instruments were settled on the date of presentation of these financial statements.

The Company has exposure to the following risk arising from financial instruments:

— Credit risk
— Liquidity risk
— Market risk

Risk management framework

Financial risk management is done through financial department, according to the policies approved by the Board of Directors. The entity identifies, assesses and hedged financial risks in close cooperation with its subsidiaries. The Board of Directors has approved general policies written in connection with the financial risk management, as well as policies for specific risks, such as, exchange rate risk, interest rate risk, credit risk, use of trading and/or hedging derivative financial instruments in accounting terms and of non-derivative financial instruments and investment of treasury surplus.

Risk	Risk exposure arising from	Risk measurement	Risk management
Exchange rate risk	Future business transactions. Recognized financial assets and liabilities not denominated in monetary units of Mexico	Cash flow forecasts. Sensitivity analysis	Foreign currency forward contracts. Revision of the natural hedge between assets and liabilities in foreign currency.
Liquidity risk	Loans and other liabilities	Cash flow forecasts	Availability of credit lines and loan facilities
Credit risk	Cash and cash equivalents, accounts receivable	Expiry analysis. Credit ratings	Diversification of bank deposits and portfolio. Establishment of credit limits and obtaining letters of credit

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivable from customers and investments in debt securities.
The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Trade receivable and contract assets.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in note 3(o).

The allowance for credit losses as of March 31, 2021 and 2020 was determined in the following manner, both for accounts receivable and assets for contracts:

March 31, 2021		**Current**	**Over 30 days due**	**Over 60 days due**	**Over 90 days due**	**Over 120 days due**	**Total**
% allowance for credit losses		1.09%	1.64%	2.09%	2.58%	68.98%	4.94%
Gross carrying amount - accounts receivable	$	122,608,713	14,659,560	140,549	573,375	7,684,671	145,666,868
Allowance for credit losses		1,246,584	239,751	2,937	14,798	5,300,905	6,804,975

March 31, 2020		**Current**	**Over 30 days due**	**Over 60 days due**	**Over 90 days due**	**Over 120 days due**	**Total**
% allowance for credit losses		1.25%	1.72%	2.07%	2.94%	12.33%	2.17%
Gross carrying amount - accounts receivable	$	164,138,533	4,501,944	2,429,274	788,561	14,989,177	186,847,489
Allowance for credit losses		2,056,495	77,258	50,244	23,206	1,848,448	4,055,651

The allowance for expected credit losses of accounts receivable and assets for contracts is based on assumptions about the probability of default and the severity of the expected loss.

The Company uses judgment to make these assumptions; selecting key and input for the calculation of said allowance based on the history, the existing market conditions and the prospective estimates at the end of each reporting period.

Liquidity risk

A prudent management of liquidity risk implies having enough cash and securities of immediate realization, the availability of financing through an appropriate amount of committed credit lines and the ability to close market positions.
Because of the dynamic nature of the underlying business, the Company's treasury keeps financing flexibility by keeping committed credit lines available.

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Management continuously monitors cash flow projections and liquidity requirements ensuring of maintaining enough cash and temporary investments to meet operational needs. Generally, this is done locally in the operative companies and according to the limits established by the group.

Such limits vary according with the location and consider the market liquidity in which the entity operates. Also the policy on the Company's liquidity management withstand the projection of the cash flows in the main currencies and the consideration of the level of liquid assets necessary to meet such projections; the monitoring of the liquidity reasons of the statement of the financial position concerning the internal and external regulatory requirements and the financing or debt plans.

Exposure to liquidity risk

The amounts presented in the following table correspond to the undiscounted cash flows. Outstanding balances within 12 months equal their accounting balances since the impact of the discount is not significant. For interest rate swaps, cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturity of financial liabilities al March 31, 2021		**Less than 6 months**	**6 -12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total of contractual cash flows**	**Carrying amount (asset/ liability)**
Trade accounts payable	$	38,880,486	-	-	-	-	38,880,486	38,880,486
Loans		17,188,998	16,240,808	34,768,416	171,318,303	-	239,516,525	239,516,525
Total non-derivative	$	**56,069,484**	**16,240,808**	**34,768,416**	**171,318,303**	**-**	**278,397,011**	**278,397,011**

Contractual maturity of financial liabilities al March 31, 2020		**Less than 6 months**	**6 -12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total of contractual cash flows**	**Carrying amount (asset/ liability)**
Trade accounts payable	$	44,487,540	-	-	-	-	44,487,540	44,487,540
Loans		3,970,451	6,357,758	58,605,473	43,780,898	212,908,521	325,623,101	325,623,101
Total non-derivative	$	**48,457,991**	**6,357,758**	**50,605,473**	**43,780,898**	**212,908,521**	**370,110,641**	**370,110,641**

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates and equity prices -will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company operates internationally and is exposed to exchange rate risk, mainly the dollar (USD). The exchange rate risk arises from future business transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Company. The risk is measured through a forecast of highly probable expenses in US dollars. The objective of the risk hedges is to minimize the volatility of the cost in the functional currency of the forecasted inventory purchases as highly probable.

Profit is less sensitive to movements in the US dollar exchange rate in 2021 than in 2020, due to the decrease in the amount of loans denominated in US dollars. Equity is more sensitive to movements in the US dollar exchange rate in 2021 than in 2020, due to operations on foreign currency forwards has not executed in 2020.

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest-bearing financial assets or borrowings because of fluctuations in the interest rates if such assets/borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest-bearing borrowings will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The interest rate profile of the Company's interest -bearing financial instruments as reported to the Management of the Company is as follows:

	Nominal amount	
	2021	**2020**
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(239,516,525)	(325,623,101)
	(239,516,525)	**(325,623,101)**

(8) Accounts receivable

Accounts receivable integrate is shown as follows:

		March 31,	
		2021	**2020**
Accounts receivable	$	145,666,868	186,847,489
Allowance for doubtful accounts		(6,804,975)	(4,055,651)
Allowance for Returns		(15,428,622)	(5,809,872)
	$	**123,433,271**	**176,981,966**

(9) Inventories-

The summary of inventories is shown as follows:

		March 31, 2021	2020
Raw material	$	56,147,657	68,993,867
Work in process		10,585,743	12,062,722
Finished goods (1)		54,110,391	51,306,188
		120,843,791	132,362,777
Allowance for decrease in value and expired items		(16,481,858)	(28,301,260)
	$	**104,361,933**	**104,061,517**

Finished goods for $25,231,273 as of March 31, 2021 are in custody in a third-party warehouse. See note 23.

(10) Advanced payments-

Advanced payments are comprised as follows:

		March 2021	March 2020
Insurances	$	695,078	847,605
Advances to suppliers		5,513,331	6,354,652
Deposits with Comisión Federal de Electricidad		214,821	214,821
Annual fees and tax paid for company vehicles		1,438,225	1,419,362
Total prepayments	$	**7,861,455**	**8,836,440**

(11) Related-party transactions and balances-

a. Main balances with related parties at March 31, 2021 and 2020, are shown as follows:

		March 31, 2021	2020
Payable:			
Lupin Latam, Inc.	$	6,304,446	6,381,167
Lupin Limited, Inc		512,322	916,353
Lupin Management, Inc		3,517,236	-
Medquimica Industria Farmaceutica Ltd.		-	685,704
	$	**10,334,004**	**7,983,224**

b. Balances payable long term to Lupin Atlantis Holdings, S. A. (controlling company) as of March 31, 2021 and 2020, is comprised as follows:

		March 31,	
		2021	**2020**
Loan [1]	$	160,019,020	212,908,520
Interest payable		2,286,800	2,591,646
	$	**162,305,820**	**215,500,166**

The impact of foreign currency revaluation is included in the long-term liabilities, whereas the foreign currency variation rising due to Intercompany short-term transactions, in line with SAP methodology, is grouped separately and detailed in Note 6. The balances for short term reflected above are excluding any foreign currency variations.

[1] On October 1, 2014, the Company entered into a loan up to US$15,000,000, of unsecured credit line payable to Lupin Atlantis Holdings, S. A. (Controlling Company) from which US$13,266,971 have been disposed as of December 31, 2014, bearing annual interest rate of LIBOR + 5.00 BPS.(5.32%) The Company may, at any time and without penalty or premium, paid off or part of the principal amount, however with a minimum amounts of US$500,000 per repayment. The Company has made a repayment for US$5,500,000, on the follow year ends, March 31, 2016 USD$2,000,000; March 31, 2019 US$1,000,000; March 31, 2020 US$1,500,000; March 31, 2021 US$1,000,000. The line of credit is granted for a duration of eight years from the effective date until December 31, 2024.

During the period from April 1 2020 to March 31, 2021, the Company has made repayments of principal of US$1,000,000, and paid interests for US$450,714; During the period from April 1 2019 to March 31, 2020, the Company has made repayments of principal of US$1,500,000, and paid interests for US$530,258.

c. During the years ended at March 31, 2021 and 2020, the Company carried out the following operations with related parties:

		March 31,	
Expenses		**2021**	**2020**
Expenses for services received from:			
Lupin Latam Inc	$	10,581,978	22,527,958
Lupin Management Inc		3,517,236	-
Lupin Japan & Asia Pacific K. K		1,790,464	-
Medquimica Industria Farmaceutica Ltd		531,130	1,271,346
		16,420,808	**23,799,304**

Interest expense to:			
Lupin Atlantis Holdings, S. A.		9,733,034	10,429,050
ESOP Cost:			
Lupin Limited		613,322	756,547
Maintenance, support services and reimbursements from:			
Lupin Limited		3,955,980	2,555,889
Total expenses	$	**30,723,144**	**37,540,790**
Income:			
Lupin Limited		449,402	7,930
Total income	$	**449,402**	**7,930**

(12) Other receivables-

Other receivables consist of the following:

		March 2021	March 2020
Recoverable value-added tax (VAT)	$	50,138,208	26,194,853
Recoverable income taxes (IT)		-	23,513,622
Employees and officer		53,791	86,745
Total other receivables	$	**50,191,999**	**49,795,220**

(13) Property, machinery, and equipment-

The detail of this item is shown below:

		March 31, 2021	March 31, 2020	Depreciation annual rate (%)
Buildings	$	199,639,785	195,614,742	5
Machinery and equipment		200,556,266	195,298,552	10
Transportation equipment		25,276,845	30,897,085	25
Computer equipment		11,824,830	9,713,129	30
Office furniture and fixtures		4,509,790	4,509,790	10
		441,807,516	436,033,298	
Less - Accumulated depreciation		(176,907,333)	(148,557,879)	
		264,900,183	287,475,419	
Components not subject to depreciation:				
Land		126,418,684	126,418,684	
Assets under construction		3,545,798	5,867,793	
	$	**394,864,665**	**419,761,896**	

The depreciation recorded in the results of 2021 and 2020, amounts to $28,349,454 and $32,426,601 respectively.

(14) Intangible assets-

At March 31, 2021 and 2020 is comprised as follows:

		March 31, 2021	March 31, 2020	Amortization term in years
Licenses and trademarks [1] [2]	$	30,159,952	25,594,442	10
Other (sanitary licenses)		500,206	983,776	20
		30,660,158	26,578,218	
Accumulated amortization		(9,581,888)	(6,870,260)	
	$	**21,078,270**	**19,707,958**	

The amortization recorded in the income statement in 2021 and 2020, amounted to $2,711,628 and $2,465,848, respectively, which are recognized in the income statement within cost of sale and administrations expense.

(1) On February 21, 2018, the Company entered a contract with Innovaciones Biomedicas y Tenologicas, S. A. de C. V., for the transferring of certain licenses and trademarks rights.

(2) On May 24, 2018, the company entered a contract with Amarox Pharma S. A. de C.V for the acquisition of certain licenses and trademarks rights.

(15) Assets under leases (Right-of-use assets) and leases liabilities-

The Company leases IT equipment with contract terms of one to three years. These leases are short- term and/or leases of low value items. Information about leases for which the Company is a lessee is presented below:

Assets under leases (Right of use assets)

Right of use assets related to lease machinery and equipment that do not meet the definition of investment comprise the following:

		Machinery and equipment
Balance as of March 31, 2020	$	1,209,769
Depreciation charge for the year		486,756
Balance at March 31, 2021	$	**723,013**

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Amounts recognized in profit or loss

Lease liabilities		March 2021
Lease liabilities (short term)	$	520,620
Lease Liabilities (long term)		276,369
	$	**796,989**

Total cash payments for leases during March 2021, and 2020 were $105,454 and $150,807 of interest, respectively.

(16) Analysis of liability provisions (accruals)-

The analysis of the most significant provisions is presented:

		Balances as of March 31, 2020	Increases	Applications	Balances as of March 31, 2021
Short term:					
Direct benefits to employees		6,869,445	14,239,098	6,869,445	14,239,098
Sales Incentives		2,454,910	1,007,137	2,454,910	1,007,137
Lawsuits		1,779,000	2,839,459	1,779,000	2,839,459
Sales & Marketing		150,000	2,830,268	150,000	2,830,268
Consultancy & Audit		-	2,102,539	-	2,102,539
Opex Provision		-	20,075,978	-	20,075,978
Other services		7,441,957	571,327	7,441,957	571,327
	$	**18,695,312**	**43,665,806**	**18,695,312**	**43,665,806**

(17) Long-term debt-

The long-term debt consists of the following page.

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		March 2021	March 2020
Loan Agreement with Banco Nacional de México S. A., it has a Corporate Guarantee and the purpose is working capital investment (plant renovation and equipment acquisition). Unsecured dollar loan with guarantee amount to USD$7,500,00, (MX$149,346,150) Loan was executed by company on two different withdrawals: On May 24, 2018 and November 5, 2018, company executed first and second withdrawals for $88,947,450 and $60,398,700, bearing interest rate of 10.35% and 10.50%; respectively, both with maturity date set in May 2023. Lupin Limited, affiliated Company is jointly liable for this loan.			
Total debt	$	76,262,515	108,744,130
Interest payable		948,190	1,378,805
Total long-term debt		77,210,705	110,122,935
Less current installments		33,429,806	32,481,616
Long-term debt, excluding current installments	$	**43,780,899**	**77,641,319**

Yearly maturities of long-term debt are as follows:

Year		Amount
2022 (January 1st to December 31st)	$	32,481,616
2023(January 1st to May 23rd)		19,419,687
	$	**51,901,303**

Interest expense on Bank loan for year ended on March 31, 2021 and 2020, amounted $9,785,256 and $13,248,352, respectively.

Bank loans establish certain covenants, the most significant of which refer to limitations on dividend payments, non-selling, encumbrance or disposing of the assets, as well as acquiring direct or contingent liabilities or any other contractual debts.

As of March 31, 2021, the Company comply with all the covenants established in the “Citi Banamex” loan agreement.

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Long-term debt transactions that required cash

		2021	2020
Transactions that required cash			
Initial balance	$	110,122,935	142,948,118
(Long-term loan payments)		(32,912,230)	(32,825,183)
(Interest paid)		(9,785,256)	(13,248,352)
Total		67,425,449	96,874,583
Transactions that non required cash			
Interest earned		9,785,256	13,248,352
Total	$	**77,210,705**	**110,122,935**

(18) Employees' benefits-

The components of defined benefit cost for the years ended March 31, 2021 and 2020 are shown below:

The value of the OBD at March 31, 2021 and 2020, amounted to $14,504,564 and $15,743,710 respectively.

The financial position between the OBD present value and the AP fair value and the A/PNBD recognized in the statement of the financial position is presented.

		Seniority premium		Termination indemnity		Total	
PNBD		**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Accumulated Benefit Obligation (ABO)	$	-	-	-	-	-	-
OBD		(4,247,462)	(3,598,695)	(10,257,102)	(12,145,015)	(14,504,564)	(15,743,710)
(Deficit)/Surplus	$	**(4,247,462)**	**(3,598,695)**	**(10,257,102)**	**(12,145,015)**	**(14,504,564)**	**(15,743,710)**

Reconciliation of defined benefit obligation, plan assets and net/liability for defined benefits

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		Seniority premium		Termination indemnity		Total	
PNBD		**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
(Deficit)/ Surplus at the beginning of the year	$	(3,598,695)	(2,706,804)	(12,145,015)	(10,098,119)	(15,743,710)	(12,804,923)
Net Periodic cost		(757,110)	(595,196)	(2,965,423)	(3,668,631)	(3,722,533)	(4,263,827)
Payments		275,365	438,646	-	5,536,506	275,365	5,975,152
Remeasurements		(167,022)	(735,341)	4,853,336	(3,914,771)	4,686,314	(4,650,112)
(Deficit)/ Surplus at the end of the year	$	**(4,247,462)**	**(3,598,695)**	**(10,257,102)**	**(12,145,015)**	**(14,504,564)**	**(15,743,710)**

Reconciliation of OBD initial and final balances:

		Seniority premium		Termination indemnity		Total	
		2021	**2020**	**2021**	**2020**	**2021**	**2020**
OBD at the beginning of the period	$	(3,598,695)	(2,706,804)	(12,145,015)	(10,098,119)	(15,743,710)	(12,804,923)
Present service cost		(542,395)	(381,467)	(2,227,152)	(2,872,883)	(2,769,547)	(3,254,350)
OBD interest cost		(214,715)	(213,729)	(738,271)	(795,748)	(952,986)	(1,009,477)
Payment of benefits		275,365	438,646	-	5,536,506	275,365	5,975,152
Remeasurements		(167,022)	(735,341)	4,853,336	(3,914,771)	4,686,314	(4,650,112)
OBD at period-end	$	**(4,247,462)**	**(3,598,695)**	**(10,257,102)**	**(12,145,015)**	**(14,504,564)**	**(15,743,710)**

Period Net Cost (CNP, by its Spanish acronym)

An analysis of the period net cost by plan type is presented as next page.

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CNP		Seniority premium 2021	2020	Termination indemnity 2021	2020	Total 2021	2020
Present service cost	$	542,395	381,467	5,833,134	2,872,883	6,375,529	3,254,350
Net interest on PNDB		214,715	213,729	738,271	795,749	952,986	1,009,478
Remeasurement Recycling		141,746	135,283	3,606,987	874,171	3,748,733	1,009,454
CNP recognized in net profit of loss	$	**898,856**	**730,479**	**10,178,392**	**4,542,803**	**11,077,248**	**5,273,282**

		Seniority premium 2021	2020	Termination indemnity 2021	2020	Total 2021	2020
Actuarial gains and losses in obligations GPA at the beginning of the period	$	1,866,391	1,266,332	9,777,826	6,737,226	11,644,217	8,003,558
Recycling		(141,746)	(135,283)	(3,606,987)	(874,171)	(3,748,733)	(1,009,454)
GPA during the year Settlement		167,022	735,341	(1,442,610)	3,914,771	(1,275,588)	4,650,112
(GPA) at the end of the period	$	**1,891,667**	**1,866,390**	**4,728,229**	**9,777,826**	**6,619,896**	**11,644,216**

(19) Stockholders' equity-

(a) Structure of capital stock-

Company's capital stock at March 31, 2020 and 2020, is composed as follows:

Shares	Description		Amount
50,000	Series "A-II", representing the fixed portion of capital stock	$	50,000
186,950,000	Series" B-11", representing the unlimited variable portion of the capital stock		186,950,000
187,000,000	**Capital stock at March 31, 2020**	$	**187,000,000**

(1) Shares issued by the Company, both fixed and variable, will be divide into two series: "A" and "B".

Net income is subject to the legal requirement that at least 5% of the income for each year is intended to increase the legal reserve until it is equal to one fifth of the amount of the capital stock (20%). Based on Mexican law article 20 of "Ley General de Sociedades Mercantiles"

The principal characteristics of Stockholders' equity are described in the next page.

- On March 31, 2014, Lupin Atlantis Holdings and its legal delegate Dr. Amrut Naik acquired the 100% of the shares of Laboratorios Grin, S. A. de C. V. of Infrema, S. A. de C. V., becoming from this date the new controlling company who will consolidate its financial information.
- The Company's capital stock at March 31, 2015 was represented by 187,000,000 common, registered shares, with a par value of one peso, which 186,999,999 shares belonged to Lupin Atlantis Holdings, and one share belonged to Amrut Diwakar Naik.
- At the Stockholders' Meeting held on September 6, 2017, a resolution was passed with effect of Amrut Diwakar Naik, gratuitously giving in its shareholding in Laboratorios Grin, S. A. de C. V. to Lupin Mexico, S. A. de C. V.
- After the aforementioned activity, the Company's capital stock at March 31, 2018 is represented by 187,000,000 common, registered shares, with a par value of one peso, which 186,999,999 shares belong to Lupin Atlantis, S. A. and one share belongs to Lupin Mexico, S. A. de C. V.
- At the Stockholders' Meeting held on August 18, 2018, a resolution to the stockholder meeting Lupin Atlantis Holdings, transmits give in 1 shareholding in Lupin Mexico, S. A. de C. V.

(b) Other comprehensive income (OCI)-

Other comprehensive income, which is presented in the statements of changes in stockholders' equity, represents the result of measurement of actuarial on changes in stockholders' equity, represents the result of measurement of actuarial (gain) losses and movements in exchange rates.

The OCI movements of the period represents the result of measurement of actuarial gain.

		March 31, 2021	March 31, 2020
Initial (gain) loss arising from experience adjustments	$	11,644,216	8,003,558
Remeasurement (gain) arising from experience adjustments		(5,024,320)	3,640,658
Total	$	**6,619,896**	**11,644,216**

(20) Income Tax (IT) and Employee Statutory Profit Sharing (ESPS)-

IT Law effective as of January 1, 2014 imposes an IT rate of 30% for 2014 and thereafter.

a) Tax on earnings

The income tax expense (benefit) is as shown below:

Income tax provision is analyzed as in the next page.

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		Year ended March 31, 2021	2020
Current income tax	$	41,646,554	12,159,889
Deferred income tax		(6,129,573)	(16,618,802)
Total income tax under the statement of (comprehensive) income	$	**35,516,981**	**(4,458,913)**

Income tax expense attributable to income from continuing operations before income taxes, differed from the amounts computed by applying the Mexican statutory rates of 30%. IT to income before income taxes, because of the items shown below:

		March 2021	March 2020
Computed "expected" tax expense (benefit)	$	31,160,387	(4,228,292)
Increase (reduction) resulting from:			
Effects of inflation, net		783,079	1,053,091
Non-deductible expenses		3,573,515	4,512,387
Others, net		-	(5,796,099)
IT expense	$	**35,516,981**	**(4,458,913)**

As of March 31, 2021, and 2020 the effective tax rate recognized in income was 34% and 32% respectively.

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities, at March 31, 2021, and 2020, are presented:

		March 2021	March 2020
Deferred tax assets:			
Property, plant and equipment	$	9,311,392	3,352,661
Intangibles		763,911	-
Employee Benefits		2,306,226	4,723,113
Accruals		24,708,630	17,058,629
Revenue Recognition		1,543,112	4,474,410
ESPS		3,971,473	2,447,188
Customer Advances		55,272	219,582
Total gross deferred tax assets	$	**42,660,016**	**32,275,583**
Deferred tax liabilities:			
Prepaid expenses	$	790,053	975,223
Transportation equipment		448,511	
Buildings		3,479,815	
Deferred ESPS		3,397,016	2,885,312
Total gross deferred tax liabilities		8,115,395	3,860,535
Net deferred tax assets	$	**34,544,621**	**28,415,048**

In assessing the realizability of deferred tax assets, Management considers whether it is more likely than not that some portion or all the deferred tax assets will not be realized.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods is which those temporary differences become deductible.

Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

b) Deferred ESPS

The deferred ESPS effect was amounting $(1,705,684) and $ (6,533,793) as March 31, 2021 and March 31, 2020, respectively. The ESPS effects of temporary differences that give rise to significant portions of the deferred ESPS assets and liabilities, are presented:

		March 2021	**March2020**
Deferred tax assets:			
Property, plant, and equipment	$	3,103,797	2,283,747
Intangibles		254,637	190,852
Employee benefits		768,742	1,574,371
Accruals		8,236,210	5,813,735
Deferred revenue		514,371	1,491,470
Customer advances		18,424	-
Total gross deferred ESPS assets	$	12,896,181	11,354,175
Deferred ESPS liabilities:			
Prepaid expenses	$	263,351	325,096
Transportation equipment		149,504	251,437
Buildings		1,159,938	1,159,938
Total gross deferred ESPS liabilities		1,572,793	1,736,471
Net deferred ESPS asset	$	**11,323,388**	**9,617,704**

The Company is subject to the payment of ESPS, which is calculated by applying the procedures established in article 9 of the Income tax law, in which taxable income for income tax purposes is considered as a tax base, without reducing the ESPS paid of the fiscal year, nor the tax losses applied. Additionally, the non-deductible part of the exempt social security provision referred to in section XXX of article 28 of the Income tax law must be deducted from cumulative income.

In 2021, the Company determined an ESPS payable of $13,238,244 (ESPS $8,157,290 in 2020). ESPS' taxable base differs from the accounting income mainly due to the differences in the time in which some items are accumulated or deducted for accounting purposes, and for the effects of the current ESPS, as well as those items that only affect the accounting income or the current ESPS of the year.

(21) Analysis of sales-

An analysis of the sales nature is shown as follows:

		March 31, 2021	2020
Sales	$	653,166,190	728,842,492
Returns		(15,041,928)	(416,980)
Discounts and rebates		(16,120,716)	(38,711,983)
	$	**622,003,546**	**689,713,529**

(22) Analysis of costs and expenses-

An analysis of the nature of relevant costs and expenses classified by function in the income statement is as follows:

Costs of sales		March 31, 2021	2020
Raw material purchases		116,456,050	184,559,456
Salaries and related cost		57,857,078	53,511,837
Maintenance and other		30,424,316	40,077,201
Depreciation and amortization		24,354,710	22,916,584
Insurances		4,470,833	-
Employee statutory profit sharing		3,489,828	4,752,151
	$	**237,052,815**	**305,817,229**

Selling and distribution expenses		March 31, 2021	2020
Salaries and related cost	$	62,484,241	80,874,996
Promotional and advertising		16,000,639	32,841,438
Maintenance and other		42,847,810	54,910,612
Sales incentives		12,447,036	18,965,815
Employee statutory profit sharing		4,090,933	820,169
Medical samples		11,337,976	17,458,120
Depreciation and amortization		4,539,365	6,855,805
Insurances		4,873,742	4,350,422
Advice of legal entities		3,321,367	-
Product developments		1,097,109	-
Rents		13,930	2,465,948
	$	**163,054,148**	**219,543,325**

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Administrative expenses		**March 31, 2021**	**2020**
Salaries and related cost	$	47,767,967	40,580,617
Restructuring costs		18,500,000	-
Advice of legal entities		11,370,410	8,403,058
Maintenance and other		9,824,686	34,458,729
Depreciation and amortization		1,590,623	2,245,663
Insurances		1,357,225	1,477,569
Employee statutory profit sharing		4,450,270	2,346,053
Bank charges		291,654	286,755
Products development		17,320,047	4,210,972
Deferred ESPS		(1,026,950)	(6,533,794)
	$	**111,445,932**	**87,475,622**

Research and development expenses		**March 31, 2021**	**2020**
Analytical and development	$	9,153,652	12,022,485
Salaries and related cost		4,795,468	3,508,199
Maintenance and other		2,311,187	7,647,979
Depreciation		1,063,138	895,199
Insurances		334,114	
Employee statutory profit sharing		239,816	238,917
	$	**17,897,375**	**24,312,779**

(23) Contingencies and commitments-

Contingencies

i. The Company is involved in several lawsuits and claims arising in the normal course of business. It is expected that the outcome of these matters will not have significant adverse effects on the Company's financial position and income (loss).

ii. In accordance with Mexican tax law, the tax authorities are empowered to examine transactions carried out during the five years prior to the most recent income tax return filed.

iii. In accordance with the IT Law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of prices which should be like those that would be used in arm's-length transactions.

iv. Should the tax authorities examine the transactions and reject the related party prices, they could assess additional taxes plus the related inflation adjustment and interest, in addition to penalties of up to 100% of the omitted taxes.

v. The tax authorities required a preliminary credit settlement of certain VAT Company operations. As of March 31, 2021, the Company settled a legal protection while final agreement with Tax Authorities is accorded. Management of the Company and their legal counsel do not anticipate that this preliminary credit settlement will result in significant outcomes for the Company.

Commitments

On December 15th, 2020, company changed third party warehouse for Storage in External warehouse, from New Transport Application S. A. de C. V. to Sincronia Logistica S. A. de C. V. for economic reasons, description of both contracts is mentioned as follows:

1 The New Transport Application contract was signed on September 25, 2020 for a 2-year, with a clause related to an early termination without cost, if the party's advice 30 days in advance to conclude the contract. This contract has a monthly cost of $415,143.

2 The Sincronia Logistica contract was signed on December 15, 2020 for a 3-year, with a clause related to an early termination without cost, if the party's advice 30 days in advance to finish the contract. This contract has a monthly cost of $180,000.