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

Financial Statements

As of March 31, 2022 and 2021.

(With Independent Auditors' Report on the Financial information)

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

Financial statements
As of March 31, 2022 and 2021.
(Mexican pesos)

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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 statements of financial position as at March 31, 2022 and 2021, the statements of comprehensive income, changes in stockholders' equity and cash flows for the years then ended; and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Laboratorios Grin, S. A. de C. V. as at March 31, 2022 and 2021, and its results 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 the financial statements in accordance with FRS, 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.

(Continued)

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 [consolidated} [unconsolidated] 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.

KPMG CARDENAS DOSAL, S. C.

Alejandro Ruiz Luna

Mexico City, May 4, 2022

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

Statements of Financial Position

As of March 31, 2022 and 2021

(Mexican pesos)

Assets		**March 2022**	**March 2021**
Current assets			
Cash, cash equivalents and restricted cahs (notes 3b and 5)	$	182,167,291	170,367,992
Derivative financial instruments (note 3c and 7)		-	128,132
Accounts receivable (notes 3c and 8):		128,098,787	123,433,271
Other receivables (note 10)		60,131,789	50,191,999
Inventories - Net (notes 3d and 11)		88,587,569	104,361,933
Advanced payments (notes 3e and 12)		8,981,367	7,861,455
Total current assets		467,966,803	456,344,782
Property, plant and equipment - Net (notes 3f and 13)		375,788,181	394,864,665
Intangible assets-Net (notes 3h and 14)		17,806,176	21,078,270
Right-of-use asset (notes 3g and 17)		238,037	723,013
Deferred income tax (notes 3m and 19)		61,692,716	34,544,621
Deferred Employees' statutory profit sharing (notes 3m and 19)		19,712,136	11,323,388
Total assets	$	943,204,049	918,878,739

Liabilities and Stockholders' Equity		**March 2022**	**March 2021**
Current liabilities			
Current Installments of:			
Long-term debt Related parties (current portion) (note 9)	$	2,106,086	2,286,800
Long-term debt, (current portion) (note 16)		-	33,429,806
Lease liabilities, (curr portion) (notes 3g and 7)		276,369	520,620
Derivative financial instruments (note 7)		531,848	-
Trade accounts payable (notes 3j)		53,056,259	38,880,486
Accruals (notes 3k and 15)		74,335,465	43,665,806
Other accounts payable and accrued expenses		40,402,323	17,036,496
Employees' statutory profit sharing (note 19)		28,233,157	13,238,244
Related parties (note 9)		4,223,555	10,334,004
Obligations for delivery of products		19,982,535	7,329,438
Total current liabilities		223,147,597	166,721,700
Long-term debt Related parties (note 9)		113,224,769	160,019,020
Long-term debt (note 16)		-	43,780,899
Lease liabilities, (excl curr portion) (notes 3g and 17)		-	276,369
Employee benefits (notes 3l and 20)		20,012,157	14,504,564
Total liabilities		356,384,523	385,302,552
Stockholders's equity:			
Capital stock (note 18)		187,000,000	187,000,000
Legal Reserve		37,400,000	37,400,000
Retained earnings and other capital accounts		367,978,003	315,796,083
Other comprehensive income (note 18b)		(5,558,477)	(6,619,896)
Total stockholders' equity		586,819,526	533,576,187
Contingencies and commitments (notes 3r and 23)			
Total liabilities and stockholders·equity	$	943,204,049	918,878,739

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

Mr. Luis Guillermo Cortés Peláez (CEO)

Mr. Didier Granada Gutierrez (CFO)

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

Statements of comprehensive income

As of March 31, 2022 and 2021

(Mexican pesos)

		March 2022	March 2021
Net sales (notes 3n and 21)	$	713,490,172	622,003,546
Cost of sales (notes 3d and 22)		266,294,773	237,052,815
Gross profit		447,195,399	384,950,731
Expenses (note 22)			
Selling and distribution		183,396,227	163,054,148
Administravive		148,600,197	111,445,932
Research and development		16,014,754	17,897,375
Total expenses		348,011,178	292,397,455
Operating income		99,184,221	92,553,276
Comprehensive financing result:			
Interest income		8,055,777	4,538,653
Income expense LAHSA (note 9)		(8,518,716)	(9,733,034)
Income expense Banamex (note 16)		(3,710,604)	(9,785,256)
Interest on leasing equipment (note 17)		(53,999)	(105,454)
Valuation effect on financial instruments (Note 7)		659,980	128,132
Foreign exchange gain - net (note 6)		3,814,314	26,271,641
Comprehensive financial result - net		246,752	11,314,682
Profit before income tax		99,430,973	103,867,958
Income tax (notes 3m and 19)		47,249,053	35,516,981
Net income		52,181,920	68,350,977
Other comprenhensive income:			
Remeasurements of defined benefit liability (note 18 (b))		1,061,419	5,024,320
Comprehensive income for year	$	53,243,339	73,375,297

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Mr. Luis Guillermo Cortés Peláez (CEO)

Mr. Didier Granada Gutierrez (CFO)

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

Statement of Changes in Stockholders' Equity

As of March 31, 2022 and 2021

(Mexican pesos)

Concept		Capital stock	Retained: Legal reserve	Retained: Earnings	Retained: Subtotal	Other comprehensive income	Total stockholders' equity
Balances as of 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 as of March 31, 2021		187,000,000	37,400,000	315,796,083	540,196,083	(6,619,896)	533,576,187
Net profit of the year		-	-	52,181,920	52,181,920	1,061,419	53,243,339
Balances at March 31, 2022	$	187,000,000	37,400,000	367,978,003	592,378,003	(5,558,477)	586,819,526

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

Mr. Luis Guillermo Cortés Peláez (CEO)

Mr. Didier Granada Gutierrez (CFO)

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

Statement of cash of flows

As of March 31, 2022 and 2021

(Mexican pesos)

		March 2022	March 2021
Cash flows from operating activities:			
Income before income taxes	$	99,430,973	103,867,958
Items relating to investing activities:			
Depreciation and amortization		37,408,097	31,061,082
Short term lease payments		-	486,756
Gain (loss) on sale and retirement of equipment.		1,038,004	(348,912)
Interest income		(8,055,777)	(4,538,653)
Interest expense		12,283,319	19,623,744
Deferred employee statutory profit sharing		(8,388,748)	(1,705,684)
Unrealized foreign exchange loss		(5,763,058)	(29,750,945)
Derivative financial instruments		659,980	(128,132)
Period net cost		15,983,549	11,077,248
		144,596,339	129,644,462
Change in working capital			
Accounts receivable		(4,665,516)	52,405,103
Other receivables		(9,939,790)	(396,779)
Inventories, net		15,774,364	(300,416)
Prepayments		(863,812)	1,458,555
Trade accounts payable		14,240,855	(5,607,019)
Other liabilities		23,365,827	2,962,331
Accruals		30,669,659	24,970,494
Income taxes paid		(74,397,148)	(41,646,554)
Employee statutory profit sharing		14,994,913	5,080,954
Employee benefits		(9,414,537)	(7,292,074)
Related parties		(6,110,449)	33,245,282
Obligations for delivery of products		12,653,097	(7,585,261)
Net cash provided by operating activities		150,903,802	186,939,078
Cash flows from investing activities:			
Acquisitions of property and equipment		(15,935,831)	(4,548,500)
Acquisitions of intangible assets		-	(4,565,510)
Proceeds from sale of equipment		67,184	1,445,189
Interest received		8,055,777	4,538,653
Payments of loan lease obligations		(639,701)	(105,454)
Net cash used in investing activities		(8,452,571)	(3,235,622)
Cash surplus to be applied in financing activities		142,451,231	183,703,456
Cash flows from financing activities:			
Interest paid to Lupin Atlantis Holdings S.A.		(8,678,493)	(9,733,034)
Interest paid to Bank loans		(3,710,604)	(9,785,256)
Payments of loan Lupin Atlantis Holdings S.A.		(41,052,130)	(53,194,346)
Payments of Bank loan		(77,210,705)	(32,912,230)
Net cash used by financing activities		(130,651,932)	(105,624,866)
Net increase in cash and cash equivalents		11,799,299	78,078,590
Cash, cash equivalents and restricted cash:			
At beginning of year		170,367,992	92,289,402
At end of year	$	182,167,291	170,367,992

The accompanyng notes are an integral part of these financial statements

Mr. Luis Guillermo Cortés Peláez (CEO) Mr. Didier Granada Gutierrez (CFO)

Notes to the Financial Statements.

For the years ended on March 31, 2022 and 2021.

(1) Description of business.

Laboratorios Grin, S. A. de C. V. is an incorporated company under the laws of Mexico. The registered address of the Company is Rodriguez Saro No. 630, Col. del Valle, C.P. 03100, Mexico City. The Company is a subsidiary of Lupin Atlantis Holdings, S. A.(LAHSA), and related party of Lupin Limited and other Lupin subsidiaries with which it carries out certain transactions.

The Company is mainly involved in the manufacturing, formulation, marketing, import, export and selling of ophthalmic products and the Company operates mainly in Mexico.

Relevant events.

In general, the company continued operating activities in 2021 and 2022 under regular basis, no matter "Covid-19 pandemic" mainly because the Healthcare and Pharmaceuticals & life sciences sectors, are declared as a priority sectors for the economy, established by the Mexican government. However, volume of sales was affected during 2020, and in 2021 and 2022 the product mix and sales volume is been recovered.

At that moment is impossible to predict when pandemic will finish and the final impact that the Company could experience, because the COVID-19 pandemic continues to evolve and is uncertainty of the magnitude and duration in Mexico and around the world, 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 with the hiring of a new CEO includes is some re-organizational changes on the first line functions reporting direct to CEO.

Early January 2021, a new CEO was hired, Luis Guillermo Cortes Peláez; top management team has continued with contingency measures implemented in 2020 to promote the well-being of its employees and their families and the operational continuity of the Company.

Important financial action taken by management are:

- Citibank loan has been totally prepaid.
  - First payment was executed on May 2021, for $45,611,696
  - Second and final payment was executed on August 2021, for $30,182,436
- LAHSA loan has been partially paid in March 2022 for US$2,066,743, as of March 31, 2022 the company has a remaining unpaid balance of US$5,700,228, due date on May 31,2024.

Early October 2021 a new CFO was hired, Didier Granada Gutierrez and former CFO Snehal Kolwankar, was rotated back to headquarters (based on Mumbai, India) to take over new responsibilities.

In February 2022, The Company concluded a migration process for global ERP version from SAP ECCS to SAP S4 HANNA.

On the same month, new version of SAP was delivered and go to a "on live" phase, company begins to perform its activities without any relevant issue, until now, company still working and deliver its activities "as usual".

(2) Financial statement authorization and basis of presentation.

Authorization.

On May 4, 2022, Luis Guillermo Cortes Peláez (CEO) and Didier Granada Gutierrez (CFO), authorized the issuance of the accompanying financial statements and related notes thereto.

In accordance with the General Corporations Law and the bylaws of Laboratorios Grin, S. A. de C. V., the stockholders are empowered to modify the financial statements after issuance. The accompanying financial statements will be submitted to the next Stockholders' Meeting for approval.

Basis of preparation.

a) Statement of compliance.

The accompanying Financial Statements, have been prepared in accordance with Mexican 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. Actual results could differ from those estimates and assumptions

i. Judgements.

Information about judgments made applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are included in note 17, leases, whether an arrangement contains a lease.

ii. Assumptions and estimation uncertainties.

Information about assumptions and estimation uncertainties as of March 31, 2022 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 3(n) - revenue recognition: estimate of expected returns;
- Note 20 - measurement of defined benefit obligations: key actuarial assumptions;

- Note 19 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of FRS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company's audit committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

c) Functional and reporting currency.

The condensed interim 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 and other comprehensive income (OCI), entitled “Statement of Comprehensive Income”.

(Mexican pesos)

Given, that the company is a commercial one, 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**
2022	7.45%	15.37%
2021	4.67%	11.92%
2020	3.25%	12.29%

(b) Cash and cash equivalents.

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.

(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.

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.

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;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at fair value through income.

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.

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.

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.

(Mexican pesos)

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.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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.

Expected Credit Losses (ECL) are calculated in a yearly basis on April 1, 2021 based on collection history, for March 31, 2022, those rates for ECL are shown in the next table.

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	0.42%	0.75%	0.94%	1.43%	1.88%	0.67%
Regular	Chain	0.44%	0.68%	0.71%	0.94%	1.41%	0.46%
Regular	Government	0.31%	0.34%	0.48%	0.68%	0.00%	0.32%
Regular	Bidding	0.41%	0.59%	0.91%	1.18%	1.55%	0.46%
Regular	Other	0.61%	0.60%	0.00%	0.00%	2.94%	0.61%
Regular	Export	0.09%	0.71%	0.92%	1.14%	1.93%	0.20%
New	Wholesaler	0.00%	0.00%	1.10%	1.26%	0.00%	1.20%
New	Chain	0.00%	0.74%	0.00%	1.24%	0.00%	0.99%
New	Government	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
New	Export	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		**0.42%**	**0.71%**	**0.91%**	**1.28%**	**1.86%**	**0.53%**

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 360 days past due, based on historical experience of recoveries of similar assets. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(d) Inventories and cost of goods sold.

Inventories are measured at the lower of cost and net realizable value. The cost is determined using the standard cost.

Unit cost is determined using the formula of average cost.

Cost of sales represents the cost of inventories at the time of sale, increased, as applicable, for reductions in the net realizable value of inventories during the year.

The Company records the necessary allowances for inventory impairment arising from damaged, obsolete, or slow-moving inventories or any other reason indicating that the carrying amount will exceed the future revenues expected from use or realization of the inventory items.

(e) Advance payments

Mainly include prepayments for the purchase of inventories and services that are received after the date of the statement of financial position and in the ordinary course of operations, and hare presented them in the short or long term based on the remaining period.

(f) Property, plant and equipment

The property, plant and equipment are recorded at acquisition cost, and through December 31, 2007, were adjusted for inflation by applying NCPI factors.

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 shown are as follow:

	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.

(g) 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 MFRS D-5.

At commencement or on modification of a contract that contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. 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 on the basis of 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.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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.

The Company presents right-of-use assets in lease assets and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(h) 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.

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

	Rates
Licenses and trademarks	10%
Sanitary Licenses	20%

(i) Impairment of property, plant and equipment, leases assets and intangible assets.

The Company evaluates the net carrying amount of property, plant and equipment, leases assets and intangible assets, to determine whether there is an indication that the carrying amount exceeds the recoverable amount.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net revenues reasonably expected to be generated by the asset. If the net carrying amount of the asset exceeds the recoverable amount, the Company records the necessary provisions.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination

Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognized in income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(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.

(k) Accruals.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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 based on each legal case and the probability of default. This probability is based on confirmation of Legal consultants and Legal Director of Laboratorios Grin as the lawyer fees as well.
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 based on former monthly payments.
Incentives to sales force	A provision for incentives to sales force is based on current month sales and is paid in the following month.

(l) Employee benefits.

Short-term direct benefits

Short-term direct employee benefits are recognized in income of the period in which the services rendered are accrued. A liability is recognized for the amount expected to be paid if the Company has a legal or assumed obligation to pay this amount as a result of past services provided and the obligation can be reasonably estimated.

Long-term direct benefits

The Company’s net obligation in relation to direct long-term benefits (except for deferred ESPS - see note 20(d) Income taxes and employee statutory profit sharing), and which the Company is expected to pay at least twelve months after the date of the most recent balance sheet presented, is the amount of future benefits that employees have obtained in exchange for their service in the current and previous periods. This benefit is discounted to its present value. Remeasurements are recognized in income in the period in which they are accrued.

Termination benefits

A liability is recognized for termination benefits along with a cost or expense when the Company has no realistic alternative other than to make the corresponding payments or when the offer of these benefits cannot be withdrawn or when the conditions that require the recognition of restructuring costs are met, whichever occurs first.

The labor cost of current service, which represents the periodic cost of employee benefits for having completed one more year of working life based on the benefit plans, is recognized in operating costs and expenses.

Modifications to the plans that affect past service cost are recognized in income immediately in the year the modification occurs, with no possibility of deferral in subsequent years. Furthermore, the effects of events of liquidation or reduction of obligations in the period that significantly reduce future service cost and/or significantly reduce the population eligible for benefits, are recognized in income of the period.

Remeasurements (before actuarial gains and losses), resulting from differences between the projected and actual actuarial assumptions at the end of the period, are recognized when incurred as part of OCI within stockholder's equity in income of the period.

(m) Income Tax (IT), Deferred Income Tax, Employee Statutory Profit Sharing (ESPS) and Deferred ESPS.

IT and ESPS payable for the year are determined in conformity with the Mexican income tax law and regulations in effect. (Ley del Impuesto sobre la Renta).

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 enact 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.

(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.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Sale of Goods	Customers obtain control of ophthalmic and pharmaceutical products when the goods are delivered to and have been accepted at their premises. Invoices are generated at the moment that product are dispatch in the warehouse. Invoices for major clients are usually payable within 60 -90 days. No discounts are provided for products based on volume sales goal. Invoices for other clients are usually payable within 30 days. Discounts are provided for products of ophthalmic and pharmaceutical products based on volume sales goal. Some contracts permit to the customer to return an item. Returned goods are exchanged only for new goods. No cash refunds are offered.	Revenue is recognized when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for expected returns which are estimated based on the historical data for specific types of ophthalmic and pharmaceutical products, etc. In these circumstances, a refund liability, and a right to recover returned goods asset are recognized. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory. The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

(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., Rama Farmaceútica S.A. de C.V., represented 75.24% at March 2022 and 67.77% at March 2021 of the company net sales.

(p) Research and advertising costs .

Research and advertising costs are expensed as incurred .

(q) Comprehensive financial results (CFR).

The CFR includes finance income and expense.

Finance income and expense include:

- interest income;
- interest expense;

- the foreign currency gain or loss on financial assets and liabilities;
- Valuation effect on financial derivative instruments.

Interest income or expense is recognized using the effective interest method.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of execution or settlement. Monetary assets and liabilities denominated in foreign currency 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 [consolidated] 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.

(4) Standards recently issued.

The accounting changes in 2021 derived from Improvements to MFRS mentioned below, issued by the Mexican Board of Financial Reporting Standards (Consejo Mexicano de Normas de Información Financiera, or CINIF) are not considered to have a significant affectation in the financial information to be presented by the Company

2021 MFRS Revisions

In December 2020, CINIF issued a document called “2021 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:

MFRS C-19 “Financial instruments payable”- FRS C-19 eliminates the requirement to recalculate the effective rate at a variable interest rate of the financial instrument that does not yield effects of relative importance. This revision takes effect for the periods starting as of January 1, 2021. The accounting changes that arise must be recognized prospectively.

(Mexican pesos)

- Company's Management estimates that the adoption of this new FRS shall have no significant effects.

MFRS C-20 "Financial instruments to collect principal and interest"- FRS C-20 eliminates the requirement to recalculate the effective rate at a variable interest rate of the financial instrument that does not yield effects of relative importance. This revision takes effect for the periods starting as of January 1, 2021. The accounting changes that arise must be recognized prospectively.

- Company's Management estimates that the adoption of this new MFRS shall have no significant effects.

MFRS D-5 "Leases"- FRS D-5: established:
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, 2021. The accounting changes that arise must be recognized retrospectively or with the modified retrospective approach.

- Company's Management estimates that the adoption of this new MFRS shall have no significant effects.

(5) Cash and cash equivalents

Cash and cash equivalents balance at March 31, 2022 and 2021, 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 2022	**March 2021**
Cash	$	7,500	10,500
Bank deposits		11,386,170	11,306,376
Temporary investments		170,773,621	159,051,116
	$	**182,167,291**	**170,367,992**

(6) Foreign currency exposure and translation.

The Company's exposure to foreign exchange rate risk at the end of the period, is expressed as shown in the next page.

(Mexican pesos)

	March 31, 2022		March 31, 2021	
	USD	**EUR**	**USD**	**EUR**
Short term:				
Current assets	329,727	1,256	265,214	27,824
Current liabilities	(796,011)	(346,233)	(1,255,477)	(158,077)
Long-term liabilities	(5,700,228)	-	(7,766,971)	-
Total liabilities	(6,496,239)	(346,233)	(9,022,448)	(158,077)
(Net liabilities)	**(6,166,512)**	**(344,977)**	**(8,757,234)**	**(130,253)**

As of March 31, 2022, and 2021, foreign exchange gain amounting $4,418,130 and $26,399,773 respectively, were recorded

The exchange rates used in the various translation processes to the reporting currency as of March 31, 2022 and 2021 were as follows:

		Exchange rate	
Country of origin	**Currency**	**2022**	**2021**
United States of America	USD	19.8632	20.6025
European Economic Community	Euro	22.0925	23.9863

The exchange rate at the issuance date is as follow:

		Exchange rate	
Country of origin	**Currency**	**2022**	**2021**
United States of America	USD	20.2535	20.2235
European Economic Community	Euro	21.3239	24.2836

(7) Financial instruments.

Derivatives for hedging purposes (not designated for trading purposes)

This Financial instrument is designated to cover the exposure on contracted liabilities in foreign currency. (USD)

During the period from April 1, 2021 to March 31, 2022, a loss of $531,848 was recognized in the condensed interim statements of comprehensive income, as a part of the comprehensive financing result as unrealized effects arising from the valuation at the day of reporting of derivative financial instruments contracted during the period.

(Mexican pesos)

As of March 31, 2022, 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 as follows:

Counterpart	Notional	Agreed rate	Expiration date		Notional Pesos	Current Valuation
Monex Financial Group	250,000	20.9195	29/04/2022	$	5,463,751	(233,876)
Monex Financial Group	250,000	20.8431	31/05/2022		5,396,104	(185,329)
Monex Financial Group	250,000	20.6615	30/06/2022		5,278,018	(112,642)
				$	**16,137,873**	**(531,848)**

Restricted cash - As of March 31, 2022, those financial instruments operated with Monex, do not require restricted cash at the date of presentation of financial statements. 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.

Accounting classifications and fair values

The following table shows the carrying amounts values of financial assets and liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value because the book value is a reasonable approximation of fair value.

Financial assets not measured at fair value

March 31, 2022			**Cash and cash equivalents**	**Accounts and other receivables**
	Note			
Carrying amount:				
Financial assets	5 & 8	$	182,167,291	128,098,787

Financial liabilities not measured at fair value

March 31, 2022			**Related parties**	**Third party loans**	**Lease liabilities**	**Accounts payable and other payables***
	Note					
Carrying amount:						
Other financial liabilities	9 & 17	$	119,554,410	-	276,369	93,458,582

(Mexican pesos)

Financial assets not measured at fair value

March 31, 2021	Note		Cash and cash equivalents	Accounts and other receivables
Carrying amount:				
Financial assets	5 & 8	$	170,367,992	123,433,271

Financial liabilities not measured at fair value

March 31, 2021	Note		Related parties	Third party loans	Lease liabilities	Accounts payable and other payables*
Carrying amount:						
Other financial liabilities	9 & 17	$	172,639,824	77,210,705	796,989	55,916,982

* Other payables that are not financial liabilities are not included.

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The board of directors is the highest authority in making operational decisions and has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of directors has established the financial department as financial risk management, which is responsible for developing and monitoring the Company's risk management policies. This management reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

(Mexican pesos)

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(n).

The allowance for credit losses as of March 31, 2022 and 2021, shown as follows:

March 31, 2022		**Current**	**Over 30 days due**	**Over 60 days due**	**Over 90 days due**	**Over 120 days due**	**Total**
% allowance for credit losses		0.37%	0.74%	0.83%	0.00%	0.07%	0.38%
Gross carrying amount - accounts receivable	$	146,168,915	7,071,193	510,128	-	4,169,040	157,919,276
Allowance for credit losses		540,855	52,242	4,226	-	3,863,765	4,461,088

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		1.02%	1.64%	2.09%	2.58%	1.84%	1.13%
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

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

(Mexican pesos)

Because of the dynamic nature of the underlying business, the Company's treasury keeps financing flexibility by keeping committed credit lines available.

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 at March 31, 2022		**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	$	53,056,259	-	-	-	-	53,056,259	53,056,259
Loans		2,106,086	-	-	113,224,769	-	115,330,855	115,330,855
Total non-derivative	$	**55,162,345**	**-**	**-**	**113,224,769**	**-**	**168,387,114**	**168,387,114**

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**

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 2022 than in 2021, 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 2022 than in 2021, due to the number of foreign currency forwards.

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.

(8) Accounts receivable.

Accounts receivable integration is shown as follows:

		Mar 2022	March 2021
Accounts receivable	$	157,919,276	145,666,868
Allowance for doubtful accounts		(3,860,872)	(5,154,727)
Allowance for credit loss		(600,216)	(1,650,248)
Allowance for returns		(25,359,401)	(15,428,622)
Total accounts receivable	$	**128,098,787**	**123,433,271**

(9) Related-party transactions and balances.

a. Main balances with related parties at March 31, 2022 and 2021, are shown as follows:

		March 2022	March 2021
Payable:			
Lupin Latam, Inc.	$	-	6,304,446
Lupin Limited, Inc		702,707	512,322
Lupin Management, Inc		3,520,848	3,517,236
	$	**4,223,555**	**10,334,004**

(Mexican pesos)

b. Balances payable for long term loan to Lupin Atlantis Holdings, S. A. (controlling company) as of March 31, 2022 and 2021, is comprised as follows:

		March 2022	March 2021
Loan (1)	$	113,224,769	160,019,020
Interest payable		2,106,086	2,286,800
	$	**115,330,855**	**162,305,820**

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 ($230,000,000 MXN) 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 amount of US$500,000 per repayment.

The Company has made a repayment for US$7,566,743, ($144,796,934) on the follow year ends:

- March 31, 2016 US$2,000,000, ($33,937,804MXN)
- March 31, 2019 US$1,000,000, ($19,013,000 MXN)
- March 31, 2020 US$1,500,000, ($28,799,000 MXN)
- March 31, 2021 US$1,000,000, ($21,995,000 MXN)
- March 31, 2022 US$2,066,743, ($41,052,130 MXN)

The line of credit is granted for a duration of eight years from the effective date until December 31, 2024. On March 31, 2022 company has a balance pending to paid of US$5,700,228, ($113,224,769 MXN).

(2) During the period from April 1, 2021 to March 31, 2022, company paid interest for US$425,518, ($8,678,493 MXN). During the period from April 1, 2020 to March 31, 2021 company paid interest for US$465,162, (9,733,034 MXN).

c. During the period ended on March 31, 2022 and 2021, the Company carried out the following operations with related parties:

Expenses		**March 2022**	**March 2021**
Expenses for services received from:			
Lupin Latam Inc	$	1,814,380	10,581,978
Lupin Management Inc		11,968,154	3,517,236
Lupin Japan & Asia Pacific K. K		-	1,790,464
Medquimica Industria Farmaceutica Ltd		-	531,130
		13,782,534	**16,420,808**

(Mexican pesos)

Expenses		**March 2022**	**March 2021**
Lupin Limited		453,257	613,322
Maintenance, support services and reimbursements:			
Lupin Limited		1,956,207	3,955,980
Total expenses	$	**24,710,714**	**30,723,144**
Income:			
Lupin Limited (ESOP Credit Notes)		224,388	449,402
Total income	$	**224,388**	**449,402**

(10) Other receivables.

Other receivables consist of the following:

		March 2022	**March 2021**
Recoverable value-added tax (VAT)	$	60,068,926	50,138,208
Employees and officers		62,863	53,791
Total other receivables	$	**60,131,789**	**50,191,999**

(11) Inventories.

The summary of inventories is shown as follows:

		March 2022	**March 2021**
Raw materials	$	60,823,617	54,264,263
Finished goods		33,739,067	54,110,391
Work in process		14,006,258	10,585,743
Consumable stores and spares		1,025,441	1,883,394
		109,594,383	120,843,791
Allowance for decrease in value and expired items		(21,006,814)	(16,481,858)
Total Inventories	$	**88,587,569**	**104,361,933**

As of March 31, 2022, and 2021, inventories kept in a third-party warehouse are $13,185,443 and $25,231,273, respectively.

(12) Advance payments.

Advance payments are comprised as follows:

		March 2022	**March 2021**
Insurances	$	700,517	695,078
Advances to suppliers		6,307,621	5,513,331
Guarantee deposits		470,694	214,821
Annual taxes for Land and for ownership of company vehicles		1,502,535	1,438,225
Total advance payments	$	**8,981,367**	**7,861,455**

(Mexican pesos)

(13) Property, plant and equipment.

The detail of this item is shown below:

		March 31, 2022	March 31, 2021	April 1, 2020
Buildings	$	200,249,789	199,639,788	195,614,742
Machinery and equipment		205,492,557	200,556,266	195,298,552
Transportation equipment		29,782,616	25,276,845	30,897,085
Computer equipment		13,973,644	11,824,830	9,713,129
Office furniture and fixtures		4,515,695	4,509,788	4,509,790
		454,014,301	**441,807,517**	**436,033,298**
Less - Accumulated depreciation		(205,932,259)	(176,907,333)	(148,557,879)
Components not subject to depreciation:				
Land		126,418,684	126,418,684	126,418,684
Assets under construction		1,287,455	3,545,797	5,867,793
	$	**375,788,181**	**394,864,665**	**419,761,896**

The depreciation recorded in the Income statement as of March 31, 2022 and 2021, amounted to $33,907,127 and $28,349,454 respectively.

(14) Intangible assets.

Intangible assets include as follows:

		March 2022	March 2021	Amortization term in years
Licenses and trademarks [1] [2]	$	30,159,952	30,159,952	10
Other (sanitary licenses)		244,107	500,206	20
		30,404,059	30,660,158	
Accumulated amortization		(12,597,883)	(9,581,888)	
	$	**17,806,176**	**21,078,270**	

The amortization recorded in the income statement as of March 2022 and 202, amounted to $3,015,995 and $2,711,628, 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.

(Mexican pesos)

(15) Analysis of liability provisions (accruals)

The analysis of the most significant provisions is presented as follows:

		Balances as of March 31, 2021	Increases	Applications	Balances as of March 31, 2022
Short: term Employee benefits	$	14,239,098	21,338,842	21,584,305	13,993,635
Sales Incentives		1,007,137	1,405,390	1,007,137	1,405,390
Lawsuits		2,839,459	3,693,945	2,201,945	4,331,459
Sales & Marketing		2,830,268	2,159,345	2,830,268	2,159,345
Consultant & Audit		2,102,539	8,207,084	2,259,015	8,050,608
Opex & Operations		20,075,978	40,029,818	20,075,976	40,029,820
Property consolidation		-	3,800,000	-	3,800,000
Utilities		571,327	565,209	571,328	565,208
	$	**43,665,806**	**81,199,633**	**50,529,974**	**74,335,465**

As part of COFEPRIS (Comision Federal para la Proteccion Contra Riesgos Sanitarios by its Spanish acronym) regulatory requirements, Laboratorios Grin has initiated a legal process to consolidate as a single plot of land and facilities, the six separate units and facilities that are currently held in single deed tittles. To comply with such requirements, the Company has booked a provision liability of $3,800,000 for legal, and other related expenses.

(16) Bank loan.

The long-term debt consists of the following:

		March 2022	March 2021
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 US$7,500,000, Loan was executed by company on two different withdrawals: On May 24, 2018 and November 5, 2018, company executed first withdrawal for $88,947,450 with interest rate of 10.35 and second withdrawal on November 5, 2018 for $60,398,700, with interest rate of 10.50%; both withdrawals with maturity date set on May 23, 2023. Lupin Limited, affiliated Company is jointly liable for this loan.	$	-	76,262,515
Interest payable (shown as a current instalment)	$		948,190
Total debt		-	77,210,705
Less current installments		-	33,429,806
Long-term debt, excluding current installments	$	**-**	**43,780,899**

(Mexican pesos)

Interest expense on Bank loan for year ended on March 31, 2022 and 2021, amounted $1,834,586 and $ 9,785,256, respectively.

- In May 2021, company performed a full payment for the first withdrawal of Citi Banamex Loan for an amount of $48,133,499. Total amount paid to liquidate first withdrawal on bank loan includes a payment aligned to loan contract signed related with amount incurred by bank for a breaking interest, for an amount of $1,123,113.

- In August 2021, company performed a full payment for the second withdrawal of Citi Banamex Loan for an amount of $29,077,206. Total amount paid to liquidate second withdrawal on bank loan includes a payment aligned to loan contract signed related with amount incurred by bank for a breaking interest, for an amount of $752,905.

As of March 31, 2022, company has fully paid all doubt with Citi Banamex for this loan. Loan has been totally liquidated.

Total amount paid of interest for this credit since 2018 was $37,170,833, including breaking braking interest for $1,876,019.

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

The Company leases IT equipment with contract terms of one to three and a half years. Information about leases for which the Company is a lessee is presented below:

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

Lease Assets		**Machinery and Equipment**
Balance as of March 31, 2020	$	1,209,769
Depreciation charge for the year		(486,756)
Balance at March 31, 2021	$	
Lease liabilities		
Lease liabilities (short term)	$	520,620
Lease Liabilities (long term)		276,369
Balance at March 31,2021	$	**796,989**

(Mexican pesos)

Lease Assets		**Machinery and equipment**
Balance as of March 31, 2021	$	723,013
Depreciation charge for the year		(484,976)
Balance at March 31, 2022	$	**238,037**
Lease Liabilities		
Lease liabilities (short term)	$	276,369
Lease Liabilities (long term)		-
Balance at March 31, 2022	$	**276,369**

Total Interest charged to income statement for leases during the years ended on March 2022 and 2021 were $53,999 and $105,454 of interest, respectively.

(18) Stockholders' equity.

The principal characteristics of Stockholders' equity are described as follows:

(a) Structure of capital stock.

Company's capital stock at March 31, 2022 and 2021, is composed as follows:

Shares	**Description**		**Amount**
50,000	Series "A", representing the fixed portion of capital stock	$	50,000
186,950,000	Series" B", representing the unlimited variable portion of the capital stock		186,950,000
187,000,000	**Capital stock at March 31, 2022**	$	**187,000,000**

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"

As of March 31, 2022, Legal reserve included on Shared Capita is amounted to $37,400,000 aligned with law requirement.

The principal characteristics of Stockholders' equity are described as follows:

- 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.

(Mexican pesos)

- 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.
- As of March 31, 2022, total stockholders´ equity is represented as follows.

	Series A shares	Series B shares
Lupin Atlantis Holdings	49,999	186,949,999
Lupin Mexico S.A. de C.V.	1	1
Total	**50,000**	**50,000**

(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. Actuarial labor study has been performed at March 22.

As of March 31, 2022 and 2021, OCI are comprised as shown as follows:

		March 2022	March 2021
Initial (gain) loss arising from experience adjustments	$	6,619,896	11,644,216
Remeasurement (gain) arising from experience adjustments		(1,061,419)	(5,024,320)
Total	$	**5,558,477**	**6,619,896**

(19) Tax on earnings (Income Tax (IT) and employee statutory profit sharing (ESPS))

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

a) Income Tax (IT)

The Income tax provision is analyzed as follows:

		March 2022	March 2021
Current income tax	$	74,397,148	41,646,554
Deferred income tax		(27,148,095)	(6,129,573)
Total income tax under the statement of (comprehensive) income	$	**47,249,053**	**35,516,981**

(Mexican pesos)

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%. Income Tax to profit before tax (PBT), as a result of the items shown below.

		March 2022	March 2021
Computed "expected" tax expense (benefit)	$	29,715,292	31,160,387
Increase (reduction) resulting from:			
Effects of inflation, net		(5,178,952)	783,079
Non-deductible expenses		22,604,463	3,573,515
Others, net		108,250	
IT expense	$	**47,249,053**	**35,516,981**

As of March 31, 2022 and 2021, the effective tax rate recognized in income was 49% and 34% respectively.

b) Deferred Income Tax

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets
and liabilities, as of on March 31, 2022 and 2021, are presented as follows:

		March 2022	March 2021
Deferred tax assets:			
Property, plant and equipment	$	14,874,918	9,311,392
Intangible assets		1,070,255	763,911
Employee Benefits (D-3)		3,181,869	2,306,226
Accruals		37,548,831	24,708,630
Revenue Recognition		5,994,760	1,543,112
ESPS		8,469,947	3,971,473
Invoices not paid (Natural persons, Civil Association, Civil Society)		1,675,580	-
Customer Advances		20,689	55,272
Total gross deferred tax assets		**72,836,849**	**42,660,016**
Deferred tax liabilities:			
Prepaid expenses	$	734,148	790,053
Transportation equipment (Non-deductible)		1,016,529	448,511
Buildings (Non-deductible)		3,479,815	3,479,815
Deferred ESPS		5,913,641	3,397,016
Total gross deferred tax liabilities		**11,144,133**	**8,115,395**
Net deferred tax assets	$	**61,692,716**	**34,544,621**

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

(Mexican pesos)

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

Management of the company considers the scheduled reversal of deferred tax liabilities, projected future taxable income in future years.

c) Employee Statutory Profit Sharing (ESPS)

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" (30) of article 28 of the Income tax law must be deducted from cumulative income.

As of March 31, 2022, the Company recognized in income statement an ESPS provision of $27,659,331 and ESPS provision of $13,238,244 for March 31, 2021.

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.

d) Deferred ESPS

The ESPS effects of temporary differences that give rise to significant portions of the deferred ESPS assets and liabilities, are presented below

		March 2022	**March 2021**
Deferred tax assets:			
Property, plant and equipment	$	4,958,306	3,103,797
Intangibles		356,751	254,637
Employee benefits (D3)		1,060,623	768,742
Accruals		12,516,277	8,236,210
Deferred revenue		1,998,253	514,371
NP, SC & AC invoices not paid		558,527	
Customer advances		6,896	18,424
Total gross deferred ESPS assets	$	**21,455,633**	**12,896,181**
Deferred ESPS liabilities:			
Prepaid expenses	$	244,716	263,351
Transportation equipment (Non-deductible)		338,843	149,504
Buildings (Non-deductible)		1,159,938	1,159,938
Total gross deferred ESPS liabilities		**1,743,497**	**1,572,793**
Net deferred ESPS asset	$	**19,712,136**	**11,323,388**

(Mexican pesos)

(20) Employees' benefits (Labor Actuarial Calculation – "MFRS D-3")

The components of defined benefit cost for the years ended ON March 31, 2022 and 2021 are shown below:

The value of the OBD at March 31, 2022 and 2021, amounted to $20,012,157 and $14,504,564 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 as follow:

		Seniority premium		Termination indemnity		Total	
PNBD		**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Accumulated Benefit Obligation (ABO)	$	-	-	-	-	-	-
OBD		(4,147,869)	(4,247,462)	(15,864,288)	(10,257,102)	(20,012,157)	(14,504,564)
(Deficit)/Surplus	$	**(4,147,869)**	**(4,247,462)**	**(15,864,288)**	**(10,257,102)**	**(20,012,157)**	**(14,504,564)**

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

		Seniority premium		Termination indemnity		Total	
PNBD		**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
(Deficit)/ Surplus at the beginning of the year	$	(4,247,462)	(3,598,695)	(10,257,102)	(12,145,015)	(14,504,564)	(15,743,710)
Net Periodic cost		(1,475,592)	(757,110)	(14,507,957)	(2,965,423)	(15,983,549)	(3,722,533)
Payments		1,001,432	275,365	8,413,104	-	9,414,536	275,365
Remeasurements of (DBNL)/DBNArecognized in OCI		573,753	(167,022)	487,667	4,853,336	1,061,420	4,686,314
(Deficit)/ Surplus at the end of the year	$	**(4,147,869)**	**(4,247,462)**	**(15,864,288)**	**(10,257,102)**	**(20,012,157)**	**(14,504,564)**

Period Net Cost (CNP, by its Spanish acronym)

An analysis of the period net cost by plan type:

		Seniority premium		Termination indemnity		Total	
CNP		**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Present service cost	$	(847,233)	(542,395)	(12,646,857)	(2,227,152)	(13,494,090)	(2,769,547)
Net interest on PNDB		(244,134)	(214,715)	(588,473)	(738,271)	(832,607)	(952,986)
Reciclying of (Gain)/Loss recognized in OCI		(384,225)	-	(1,272,627)	-	(1,656,852)	-
CNP recognized in net profit of loss	$	**(1,475,592)**	**(757,110)**	**(14,507,957)**	**(2,965,423)**	**(15,983,549)**	**(3,722,533)**

(Mexican pesos)

(GPA)		Seniority premium 2022	2021	Termination indemnity 2022	2021	Total 2022	2021
Actuarial gains and losses in obligations GPA at the beginning of the period	$	1,891,667	1,866,391	4,728,229	9,777,826	6,619,896	11,644,217
(Gain)/Loss of the DBO		(189,528)	167,022	784,962	(1,442,610)	595,434	(1,275,588)
Reciclying of (Gain)/Loss of the DBO		(121,886)	(141,746)	(816,620)	(3,606,987)	(938,506)	(3,748,733)
Reciclying of (Gain)/Loss of the Liability due to Settlement/Curtailment		(262,339)	-	(456,008)	-	(718,347)	-
(GPA) at the end of the period	$	**1,317,914**	**1,891,667**	**4,240,563**	**4,728,229**	**5,558,477**	**6,619,896**

	2022	2021
Discount rate (net of inflation)	8.60%	6.00%
Rate of minimum wage increase	15.00%	7.75%
Long-term rate of minimum wage increase	5.00%	5.00%
Duration remaining employee labor life	5 years	13.17 years

(21) Analysis of sales

An analysis of the sales nature is shown as follows:

		Mar 2022	Mar 2021
Sales	$	749,778,136	653,166,190
Allowance for Returns		(9,930,779)	(15,041,928)
Discounts and rebates		(26,357,185)	(16,120,716)
	$	**713,490,172**	**622,003,546**

(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 shown in the next page.

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

Financial statements
As of March 31, 2022 and 2021.
(Mexican pesos)

Costs of sales		**mar-22**	**mar-21**
Raw material purchases		138,919,186	116,456,050
Salaries and related cost		59,769,077	57,857,078
Maintenance and other		34,188,326	30,424,316
Depreciation and amortization		25,539,761	24,354,710
Insurances		4,844,003	4,470,833
Employee statutory profit sharing		3,034,420	3,489,828
	$	**266,294,773**	**237,052,815**

Selling and distribution expenses		**mar-22**	**mar-21**
Salaries and related cost	$	69,995,249	62,484,241
Promotional and advertising		27,387,893	16,000,639
Maintenance and other		31,289,354	42,847,810
Sales incentives		15,937,323	12,447,036
Employee statutory profit sharing		3,714,729	4,090,933
Medical Samples		18,747,806	11,337,976
Depreciation and amortization		8,046,352	4,539,365
Insurances		4,859,714	4,873,742
Advice of Legal entities		1,191,519	3,321,367
Product developments		2,226,288	1,097,109
Rents		-	13,930
	$	**183,396,227**	**163,054,148**

Administrative expenses		**mar-22**	**mar-21**
Salaries and related cost	$	56,681,133	47,767,967
Restructuring costs			18,500,000
Advice of legal entities		8,954,669	11,370,410
Maintenance and other		14,368,097	9,824,686
Depreciation and amortization		2,786,581	1,590,623
Insurances		1,010,360	1,357,225
Employee statutory profit sharing		17,205,726	4,450,270
Bank charges		180,836	291,654
Products Development		16,588,072	17,320,047
Deferred ESPS		(8,388,748)	(1,026,950)
Remediation Expenses		39,213,471	-
	$	**148,600,197**	**111,445,932**

(Mexican pesos)

Research and development expenses		**mar-22**	**mar-21**
Analytical and Development	$	7,342,073	9,153,652
Salaries and related cost		5,168,384	4,795,468
Maintenance and other		2,030,403	2,311,187
Depreciation		1,035,403	1,063,138
Insurances		235,382	334,114
Employee statutory profit sharing		203,109	239,816
	$	**16,014,754**	**17,897,375**

(23) Contingencies and commitments

(a) The Company is involved in several lawsuits and claims arising in the normal course of business. Management of the company expected that the outcome of these matters won't have significant adverse effects on the Company's financial position and create a loss on income statement.

(b) In accordance with Mexican Income Tax law, the tax authorities have the possibility to examine/audit company transactions carried out during the five years prior to the most recent income tax return filed.

(c) In accordance with the Mexican Income Tax Law, companies carrying out transactions with related parties are subject to comply with several requirements as to the determination of prices, technical and labor conditions, and ultimate tax jurisdictions of the group holding company to consider related parties as deductible expenses.

(d) Should the tax authorities examine the related party transactions and reject the transfer prices or requirements to consider expenses as deductible, (aligned to Mexican Income Tax Low and tax regulations) they could assess additional income taxes plus the related inflation adjustment and interest, (fee´s and surcharges) in addition to penalties of up to 100% of the omitted taxes.

(e) The tax authorities require a preliminary credit settlement of certain IT Company payments by compensation method (Universal compensation process), using VAT credits for this purpose. As of March 31, 2022, the Company has settled a legal protection (trial) while a final agreement with Tax Authorities is accorded. Management and legal counsel of the company do not anticipate that this preliminary credit settlement will result in significant economic outcomes for the Company.