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

Financial Statements

As of March 31, 2023, and 2022.

(With Independent Auditors' Report
on the financial information)

Table of Contents

KPMG Cárdenas Dosal, S.C.
Manuel Ávila Camacho 176 P1,
Reforma Social, Miguel Hidalgo,
C.P. 11650, Ciudad de México.
Teléfono: +01 (55) 5246 8300
kpmg.com.mx

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 of March 31, 2023 and 2022, 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 of March 31, 2023 and 2022, 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.

(Continued)

Aguascalientes, Ags.
Cancún, Q. Roo.
Ciudad de México.
Ciudad Juárez, Chih.
Culiacán, Sin.
Chihuahua, Chih.
Guadalajara, Jal.
Hermosillo, Son.
León, Gto.
Mexicali, B.C.
Monterrey, N.L.
Puebla, Pue.
Querétaro, Qro.
Reynosa, Tamps.
Saltillo, Coah.
San Luis Potosí, S.L.P.
Tijuana, B.C.

KPMG

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when It exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(Continued)

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.

Mexico City, May 4, 2023

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

Statement of financial position

As of march 31, 2023 and March 31, 2022
(Mexican pesos)

Assets	**Mar-23**	**Mar-22**
Current assets		
Cash and cash equivalents (notes 3b and 5)	$ 135,239,865	182,167,291
Accounts receivable (notes 3c and 8):	85,909,591	128,098,787
Related parties (note 9)	5,388,357	-
Other receivables (note 10)	111,252,900	60,131,789
Inventories - Net (notes 3d and 11)	101,095,183	88,587,569
Prepayments (notes 3e and 12)	33,318,664	8,981,367
Total current assets	472,204,560	467,966,803
Long term prepayments (notes 3e and 12)	9,774,995	-
Property, plant and equipment - Net (notes 3f and 13)	398,414,955	375,788,181
Intangible assets-Net (notes 3h and 14)	15,404,430	17,806,176
Right-of-use assets (notes 3g and 16)	10,385,279	238,037
Deferred income tax (notes 3m, and 18)	59,813,780	61,692,716
Deferred employees' statutory profit sharing (notes 3m and 18)	19,818,159	19,712,136
Total assets	$ 985,816,158	943,204,049

Liabilities and Stockholders' Equity	**Mar-23**	**Mar-22**
Current liabilities		
Current Installments of:		
Long-term debt related parties (current portion) (note 9)	$ 931,404	2,106,086
Lease liabilities, (current portion) (notes 3g and 16)	3,467,048	276,369
Derivative financial instruments (note 7)	536,165	531,848
Trade accounts payable (notes 3j)	70,278,169	53,056,259
Accruals (notes 3k and 15)	75,970,293	74,335,465
Other accounts payable and accrued expenses	16,044,199	40,402,323
Employees' statutory profit sharing (note 18c)	21,015,841	28,233,157
Related parties (note 9)	4,536,977	4,223,555
Obligations for delivery of products	654,089	19,982,535
Total current liabilities	193,434,185	223,147,597
Long-term lease liabilities, (notes 3g and 16)	7,031,467	
Long-term debt related parties (note 9)	68,756,910	113,224,769
Employee benefits (notes 3l and 19)	26,686,663	20,012,157
Total liabilities	295,909,225	356,384,523
Stockholders's equity:		
Capital stock (note 17)	187,000,000	187,000,000
Legal reserve	37,400,000	37,400,000
Retained earnings and other capital accounts	468,036,096	367,978,003
Other comprehensive income (note 17)	(2,529,163)	(5,558,477)
Total stockholders' equity	689,906,933	586,819,526
Total liabilities and stockholders-equity	$ 985,816,158	943,204,049

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

Mr. Luis Guillermo Cortes Pelaez (CEO)

David Dominguez (CFO)

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

Statement of comprehensive income

For the year ended on March 31, 2023 and 2022

(Mexican pesos)

		Mar-23	Mar-22
Net sales (notes 3n and 20)	$	808,728,883	713,490,172
Cost of sales (notes 3d and 21)		302,262,516	266,294,773
Gross profit		506,466,367	447,195,399
Other Income, net (note 20)		511,434	-
		506,977,801	447,195,399
Expenses (note 21)			
Selling and distribution		222,959,323	183,396,227
Administrative		127,421,284	148,600,197
Research and development		26,515,818	16,014,754
Total expenses		376,896,425	348,011,178
Operating income		130,081,376	99,184,221
Comprehensive financing result:			
Interest income		9,635,535	8,055,777
Interest expense LAHSA (note 9)		(4,650,891)	(8,518,716)
Interest expense Banamex		-	(3,710,604)
Interest on leasing equipment (note 16)		(352,450)	(53,999)
Valuation effect on financial derivative instruments		(536,165)	659,980
Foreign exchange gain - net (note 6)		2,098,761	3,814,314
Comprehensive financial result - net		6,194,790	246,752
Profit before income tax		136,276,166	99,430,973
Income tax (notes 3m and 18)		36,218,073	47,249,053
Net income		100,058,093	52,181,920
Other comprenhensive income:			
Remeasurements of defined benefit liability (note 17b)		3,029,314	1,061,419
Comprehensive income for year	$	103,087,407	53,243,339

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

Mr. Luis Guillermo Cortes Pelaez (CEO)

David Dominguez (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, 2023, and 2022

(Mexican pesos)

			Retained			
	Capital stock	Legal reserve	Earnings	Subtotal	Other comprehensive income	Total stockholders' equity
Balances as of April 1, 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 as of March 31, 2022	187,000,000	37,400,000	367,978,003	592,378,003	(5,558,477)	586,819,526
Balances as of March 31, 2022	187,000,000	37,400,000	367,978,003	592,378,003	(5,558,477)	586,819,526
Net profit of the period	-	-	100,058,093	100,058,093	3,029,314	103,087,407
Balances as of March 31, 2023	$ 187,000,000	37,400,000	468,036,096	692,436,096	(2,529,163)	689,906,933

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

Mr. Luis Guillermo Cortes Pelaez (CEO)

David Dominguez (CFO)

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

Statement of cash of flows

As of March 31, 2023, and 2022

(Mexican pesos)

		March 2023	March 2022
Cash flows from operating activities:			
Income before income taxes	$	136,276,166	99,430,973
Items relating to investing activities:			
Depreciation and amortization		36,383,494	37,408,097
Gain on sale and retirement of equipment.		(4,825,690)	1,038,004
Interest income		(9,635,535)	(8,055,777)
Interest expense		5,003,341	12,283,319
Deferred employee statutory profit sharing		(106,023)	(8,388,748)
Unrealized foreign exchange loss		-	(5,763,058)
Derivative financial instruments		536,165	659,980
Period net cost		19,301,102	15,983,549
		182,933,020	144,596,339
Change in working capital			
Accounts receivable		41,657,348	(4,665,516)
Other receivables		(20,540,518)	(9,939,790)
Inventories, net		(12,507,614)	15,774,364
Prepayments		(24,337,297)	(863,812)
Trade accounts payable		17,221,911	14,240,855
Other liabilities		(24,358,124)	23,365,827
Accruals		1,634,828	30,869,659
Income taxes paid		(64,919,730)	(74,397,148)
Employee statutory profit sharing		(7,217,316)	14,994,913
Employee benefits		(9,597,282)	(9,414,537)
Related parties		(5,074,935)	(6,110,449)
Obligations for delivery of products		(19,328,446)	12,653,097
Net cash provided by operating activities		55,565,845	150,903,802
Cash flows from investing activities:			
Acquisitions of property and equipment		(56,205,549)	(15,935,831)
Long term prepayments		(9,774,995)	-
Acquisitions of intangible assets		(670,229)	-
Proceeds from sale of equipment		5,092,944	67,184
Interest received		9,635,535	8,055,777
Net cash used in investing activities		(51,922,294)	(7,812,870)
Cash surplus to be applied in financing activities		3,643,551	143,090,932
Cash flows from financing activities:			
Interest paid to Lupin Atlantis Holdings S.A. (Note 9)		(4,650,891)	(8,678,493)
Interest paid to bank loans		-	(3,710,604)
Payments of loan Lupin Atlantis Holdings S.A. (Note 9)		(45,642,541)	(41,052,130)
Payments of bank loan		-	(77,210,705)
Payments on lease obligation		(277,545)	(639,701)
Net cash used by financing activities		(50,570,977)	(131,291,633)
Net (decrease) increase in cash and cash equivalents		(46,927,426)	11,799,299
Cash and cash equivalents:			
At beginning of year		182,167,291	170,367,992
At end of year	$	135,239,865	182,167,291

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

Mr. Luis Guillermo Cortes Pelaez (CEO) David Dominguez (CFO)

Notes to the Financial Statements.

for the years ended on March 31, 2023, and 2022.

(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.

1) As of December of 2022, an expansion and improvement of the plant facilities was authorized by LAHSA, for a budgeted amount of $1.5 MMUSD consisting of two stages (liquids and solids production lines), each stage is planned to require 3 months to be completed, as such management of the company produced and stoked finished goods, in order to cover clients' orders for the time of the temporarily work in progress time. At the date of issuance of this financial statements, Stage one (liquids) is in a 100% to completed, and stage 2 (solids) is planned to occur early June 2023. Inventories of finished goods of the liquid facilities are currently out of stock and for the solid facilities amounts $14.93m, to cover future 4-5 month of clients' orders.

2) During October 2022, the Company received a routinely inspection visit from the government regulatory body The Federal Commission for Protection against Health Risks (COFEPRIS for its Spanish acronym), and as a result, the regulator identified 7 critical, 13 major and 13 minor findings related to quality control & clean room designs in the Ophthalmic plant facilities (liquids) and caused a temporally suspension in production in the factory.

   In January 2023, the Administration responded to regulator that related remediation actions will be fully implemented in March 2023 and hired an external consultant expert in remediation actions with COFEPIRS. Remediation actions were fully completed on March 27th of 2023.

   In February 2023, the Administration has requested an inspection visit to COFEPRIS that occurred on April 3rd, 2023, with the aim to confirm the active pharmaceutical ingredient (API) destruction as one critical finding. During COFEPRIS´s visit, it was recommended to resubmit information confirming that all finding were fully remedied in compliance with COFERPIS requirements; therefore, the Administration has re-submitted all the information in Aril 18th 2023. COFEPRIS´s next visit will be expected by end of May 2023. The expected time for the clearance of COFEPRIS suspension is estimated to be during the second quarter of 2023.

   Management of the Company analyzed the impact, assessing the impact on fixed assets and inventories (material, finished goods and work in process), and has determined that there are no indicators to perform an impairment of this assets.

Management of the Company has assessed the actual situation of the actions taken by COFEPRIS; and determined that there are noy indicators that lead to a going concern issue, due that the Company has performed the following actions and plans to continue as going concern:

a) Remediation actions on plant facilities to remediate COFEPRIS findings, resulting in a fixed assets investment on updating and remediation actions of $34,486,801 booked as Assets under construction on fixed assets. (Note 9)

b) In case COFEPRIS clearance delays over next quarter, the Company will explore to import liquids products from other Lupin Facilities abroad, or manufacture on third party facilities the liquids production, or rent a new plant facility in order to cover clients' orders.

c) The Company has the in-writing confirmation for LAHSA, thar will support economically the operation and capex future needs of the Company, in case that such support is locally required.

Management of the Company does not expect incur in additional remediation costs, for COFEPRIS findings.

(2) Financial statement authorization and basis of presentation.

Authorization.

On May 4th, 2023, Luis Guillermo Cortes Pelaez (CEO), authorized the issuance of the accompanying financial statements and related notes thereto.

In accordance with the General Corporations Law and the laws 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.

These financial statements as of March 31, 2023, and 2022, have been prepared in accordance with Mexican reporting Standard (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 16, Assets under leases (Right-of-use assets) and leases liabilities, whether an arrangement contains a lease.

ii. Assumptions and estimation uncertainties.

Information about assumptions and estimation uncertainties as of June 30, 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 from contracts with customers.
- **Note 3(l)** - Employees' benefits
- **Note 3(m)** - Deferred Income Tax, availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized

iii. Measurement of fair values

Several 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".

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**
2023	6.85 %	18.97%
2022	7.45%	15.37%
2021	4.67%	11.92%

(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.
- Negotiable financial instruments (NFI, measured at fair value with changes through income (FVI) that represents investments in debt or equity financial instruments, whereby the holder intends to obtain a profit through purchase and sale.
- 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 are not reclassified after their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified to the new category at the time the change in the business model has occurred.

The reclassification of investments in financial instruments between categories is applied prospectively as of the date of change in the business model, without modifying any previously recognized income, such as interest or impairment losses.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified as measured at fair value through income:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. (Only Payment of the Principal and Interest, or SPPI for its initials).

A debt investment is measured at fair value through OCI if it meets both of the following conditions and is not classified as measured at fair value through income:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

All financial assets not classified as measured at amortized cost or fair value through OCI as described above are measured at fair value through income. This includes all derivative financial assets (see Note 7a). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through OCI as at fair value through income if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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.

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.

(Mexican pesos)

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 on a yearly basis (April 2022); based on collection history, for a March 31, 2023, 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
Standard	Wholesaler	0.82%	0.96%	1.11%	1.49%	2.31%	0.81%
Standard	Private	0.67%	0.78%	0.97%	1.04%	0.00%	0.57%
Standard	Goverment	0.16%	0.32%	0.41%	0.69%	0.00%	0.21%
Standard	Tender	0.57%	0.69%	1.22%	1.60%	2.05%	0.58%
Standard	Other	0.00%	0.09%	0.00%	0.85%	1.31%	0.05%
Standard	Export	0.38%	0.92%	1.15%	0.00%	0.00%	0.59%
New	Wholesaler	1.34%	0.88%	0.00%	1.47%	2.59%	1.39%
New	Private	1.34%	0.00%	0.00%	0.00%	1.97%	1.90%
Total		**0.55%**	**0.85%**	**0.80%**	**1.41%**	**2.12%**	**0.64%**

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) Prepayments

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

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

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

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

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

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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%
Software	15%
Sanitary Licenses	5%

(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 based 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 because 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 18(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.

(Mexican pesos)

(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., Fármacos Nacionales S.A. de C.V., Nadro S.A.P. de C.V., Farmacias de Similares S.A. de C. V., Comercializadora del pacifico S.A. de C.V., Rama Farmacéutica S.A. de C.V., Grupo Farmacéutico Totalfarma S.A. de C.V., represented 84.92.% at March 2023 and 86.88% at March 2022 of the company net sales. (Customer included represented more than 5% of the total sales in March 2023.)

Net sales as of March 2023 represented the second consecutive period year that Net Sales increase more than 13% compared with the previous year.

(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 after 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) Recently issued financial reporting standards-

The Consejo Mexicano de Normas de Información Financiera, A. C. (CINIF) has issued the FRS and Revisions listed below:

FRS B-14 "Earnings per share"- This FRS becomes effective for periods starting as of January 1, 2023 with early application allowed. Provide details for the determination of earnings per share.

(Mexican pesos)

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

2023 FRS Revisions

In December 2022, CINIF issued a document called "2023 FRS Revisions" containing precise modifications to some of the existing FRS. This revision made to the FRS result in accounting changes in the annual financial statements, which are shown below:

FRS B-11 Disposal of long-lived assets and discontinued operations/ NIF C-11 Stockholders' Equity- Becomes effective for years beginning on or after the 1st. January 2023, allowing its early application. Any change that it generates must be recognized in accordance with FRS B-1 *Accounting changes and correction of errors*. This revision establishes that any difference between the book value of long-lived assets delivered to settle dividends or capital reimbursements must be recognized in retained earnings.

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

FRS B-15 Conversion of foreign currencies- This FRS revision becomes effective for the years that start from the 1st. January 2023, allowing its early application. Any change that it generates must be recognized in accordance with FRS B-1 *Accounting changes and correction of errors*. It makes modifications to the practical solution of the FRS that allows the preparation of financial statements without the effects of conversion to functional currency. This revision specifies which entities and in which cases this option can be exercised, establishing that an entity that does not have subsidiaries or controllers or that is a subsidiary, associate or joint venture, can prepare its financial statements without converting to functional currency, provided that they are financial statements exclusively for tax and legal purposes and do not have users who require the preparation of financial statements considering the effects of translation to functional currency.

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 on March 31, 2023, and 2022, are 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 on the as follows:

		March 2023	March 2022
Cash in hands	$	7,500	7,500
Bank deposits		23,449,946	11,386,170
Temporary investments		111,782,419	170,773,621
	$	**135,239,865**	**182,167,291**

(Mexican pesos)

(6) Foreign currency exposure and translation.

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

	March 31, 2023		March 31, 2022	
	USD	EUR	USD	EUR
Short term:				
Current assets	1,152,176	881,523	329,727	1,256
Current liabilities	(1,112,427)	(680,698)	(796,011)	(346,233)
Long-term liabilities	(3,800,152)	-	(5,700,228)	-
Total liabilities	(4,912,579)	(633,521)	(6,496,239)	(346,233)
(Net liabilities) / Net assets	**(3,760,403)**	**283,141**	**(6,166,512)**	**(344,977)**

As of March 31, 2023, and 2022, foreign exchange gain amounted $2,098,761 and $3,814,314 respectively, and booked in the income statement.

The exchange rates used in the various translation processes to the reporting currency as of March 31, 2023, and 2022 were as follows:

		Exchange rate	
Country of origin	Currency	March 2023	March 2022
United States of America	USD	18.0932	19.8632
European Economic Community	Euro	19.6883	22.0925

(7) Financial instruments.

The following table shows investments in financial instruments:

a) 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, 2022, to March 31, 2023, loss of $536,165, was recognized in the statement of comprehensive income, during the period from April 1, 2021, to March 31, 2022, gain of $659,980, was recognized in the statement 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, 2023, 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	Expirdation date		Notional Pesos	Current Valuation
Monex Financial Group	250,000	19.2510	28/04/23	S	4,812,750	(284,110)
Monex Financial Group	250,000	20.2471	26/05/23		4,730,125	(176,429)
Monex Financial Group	250,000	20.3045	30/06/23		4,909,425	(75,626)
				$	**14,452,300**	**(536,165)**

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

Credit risk

(Mexican pesos)

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, 2023, and 2022, shown as follows:

March 31, 2023		Up to 7 days	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days	Total
% Allowance for credit losses		0.79%	1.25%	0.33%	5.88%	79.26%	1.89%
Gross carrying amount - accounts receivable	$	101,991,910	5,634,423	1,389,382	2,147,447	3,774,883	114,938,045
Allowance for credit losses	$	828,740	70,201	4,529	126,193	3,476,976	4,506,639

March 31, 2022		Up to 7 days	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days	Total
% Allowance for credit losses		0.34%	0.03%	0.00%	0.00%	2.33%	2.71%
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	-	3,683,765	4,461,088

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.

(Mexican pesos)

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

Liquidity risk

A prudent management of liquidity risk implies having enough cash and securities of immediate realization, the availability of financing through an appropriate amount of committed credit lines and the ability to close market positions

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

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 are 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 Mar 31, 2023		**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	$	70,272,169	-	-	-	-	70,278,169	70,278,169
Loans		931,404	-	-	68,756,910	-	69,688,314	69,688,314
Total non-derivative	$	**71,209,573**	-	-	**68,756,910**	-	**139,966,483**	**139,966,483**

Contractual maturity of financial liabilities al 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**

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:

		March 2023	March 2022
Accounts receivable	$	114,938,045	157,919,276
Allowance for doubtful accounts		(2,338,394)	(3,860,872)
Allowance for credit loss		(2,168,245)	(600,216)
Allowance for returns		(24,521,815)	(25,359,401)
Total accounts receivable	$	**85,909,591**	**128,098,787**

(9) Related-party transactions and balances.

a. Balances with related parties on March 31, 2023, and 2022 are shown as follows:

		March 2023	March 2022
Payable: (services received)			
Lupin Limited	$	835,164	702,707
Lupin Management, Inc		3,701,813	3,520,848
Total Payable	$	**4,536,977**	**4,223,555**

(Mexican pesos)

		March 2023	March 2022
Receivable: (expense reimbursement)			
Lupin Limited	$	2,144,611	-
Medquimica Industria Farmaceutica		951,654	-
Multicare Pharmaceuticals		305,984	-
Lupin Pharma Canada		118,150	-
Lupin Inc		606,215	-
Lupin Atlantis Holding		1,261,743	-
Total Receivable	**$**	**5,388,357**	-

b. Balances payable for long term loan to Lupin Atlantis Holdings, S. A. (controlling company) as of March 31, 2023, and 2022 is comprised as follows:

		March 2023	March 2022
Loan [(1)]	$	68,756,910	113,224,769
Interest payable		931,404	2,106,086
	$	**69,688,314**	**115,330,855**

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 performed prepayments for US$9,466,819, ($184,045,284) on the follow dates:

- 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)
- July 31, 2022, US$1.900.076, ($39,248,350 MXN)

The line of credit is granted for a duration of eight years from the effective date until December 31, 2024. On March 31, 2023, company has an outstanding balance of US$3,800,152; ($73,576.643MXN).

(2) During the period from April 1, 2022, to March 31, 2023, company paid interest for US$289,464, (4,650,891 MXN). During the period from April 1, 2021, to March 31, 2022, company paid interest for and US$425,518, (8,518,716 MXN).

(Mexican pesos)

(3) During the period ended on March 31, 2023, and 2022, the Company carried out the following operations with related parties:

Expenses		**March 2023**	**March 2022**
Expenses for services received from:			
Lupin Management Inc	$	11,795,259	11,968,154
Lupin Latam Inc		-	1,814,380
	$	**11,795,259**	**13,782,534**
Lupin Limited (ESOP Cost)		488,483	453,257
IT expenses: Maintenance, support services and reimbursements:			
Lupin Limited	$	2,932,672	1,956,207
Interest:			
Lupin Atlantis Holdings S.A.		4,650,891	8,518,716
Total expenses	$	**19,867,305**	**24,710,714**

		March 2023	**March 2022**
Income:			
ESOP (Credit Notes)			
Lupin Limited			224,388
Expense Reimbursement			
Lupin Limited		1,942,173	-
Medquimica Industria Farmaceutica		864,708	-
Multicare Pharmaceuticals		277,496	
Lupin Pharma Canada		107,409	
Lupin Inc		551,105	
Lupin Atlantis Holding		1,137,606	
		4,880,497	
Mark up			
Lupin Limited		206,012	
Medquimica Industria Farmaceutica		86,946	
Multicare Pharmaceuticals		28,488	
Lupin Pharma Canada		10,741	
Lupin Inc		55,110	
Lupin Atlantis Holding		124,137	
		511,434	
Total Income	$	**5,391,931**	**224,388**

Nature of expense reimbursement:
Intercompany Income is related to payroll expenses of 3 people who work for Lab Grin, however they perform a regional functions that benefit other countries and entities.

(Mexican pesos)

(10) Other receivables.

Other receivables consist of the following:

		March 2023	March 2022
Recoverable value-added tax (VAT)	$	84,829,680	60,068,926
Income Tax Prepayments		22,743,124	-
Employees and officers		3,680,096	62,863
Total other receivables	$	**111,252,900**	**60,131,789**

(11) Inventories.

The summary of inventories is shown as follows:

		March 2023	March 2022
Raw material	$	67,542,332	60,823,617
Finished goods		40,495,740	33,739,067
Work in process		6,346,508	14,006,258
Consumable stores and spares		-	1,025,441
Total Inventories		**114,384,580**	**109,594,383**
Allowance for Raw material		(5,059,986)	(7,496,700)
Allowance for Finished goods		(6,167,794)	(9,489,123)
Allowance for Work in process		(2,061,617)	(2,995,550)
Allowance Consumables		-	(1,025,441)
Total Allowance for decrease in value and expired items		**(13,289,397)**	**(21,006,814)**
Total Net Inventories	$	**101,095,183**	**88,587,569**

As of March 31, 2023, and 2022, inventories kept in a third-party warehouse are $45,812,260 and $13,185,443, respectively.

(12) Prepayments and other.

Prepayments are comprised as follows:

		March 2023	March 2022
Insurances	$	856,027	700,517
Advances to suppliers		30,524,874	6,307,621
Guarantee deposits		413,931	470,694
Annual taxes for Land and for ownership of company vehicles		1,523,832	1,502,535
Prepayments		**33,318,664**	**8,981,367**
Long term prepayments (1)		9,774,995	-
Total Prepayments		**43,093,659**	**8,981,367**

(1) Correspond to licenses prepayments that allow the company to obtain marketing authorization, manufacture, sale, import, promotion, and export of ophthalmological products in national territory and, in certain cases, in specific foreign countries.

(Mexican pesos)

(13) Property, plant, and equipment.

The detail of this item is shown below:

		March 31, 2023	March 31, 2022	Depreciation annual rate (%)
Buildings	$	200,249,789	200,249,789	5
Machinery and equipment		209,304,516	205,492,557	10
Transportation equipment		18,217,515	29,782,616	25
Computer equipment		15,475,089	13,973,664	30
Office furniture and fixtures		4,515,695	4,515,695	10
		447,762,604	**454,014,321**	
Less - Accumulated depreciation		(226,598,660)	(205,932,279)	
Components not subject to depreciation:				
Land		126,418,684	126,418,684	
Assets under construction		50,832,327	1,287,455	
	$	**398,414,955**	**375,788,181**	

The depreciation recorded in the Income statement as of March 31, 2023, and 2022, amounted to $33,311,521and $33,907,127 respectively.

Total amount on assets under construction booked as a part of fixed assets are integrated by following upgrades: liquid plant facilities $34,486,801; quality plant facilities $ 8,264,56; solid plant facilities $ 8,080,960.

(14) Intangible assets.

Intangible assets include as follows:

		March 2023	March 2022	Amortization term in years
Licenses and trademarks (1) (2)	$	30,159,952	30,159,952	10
Other (sanitary licenses)		18,678	244,107	20
Software		895,657	-	10
		31,074,287	**30,404,059**	
Accumulated amortization		(15,669,857)	(12,597,883)	
	$	**15,404,430**	**17,806,176**	

The amortization recorded in the income statement as of March 31, 2023, and 2022, amounted to $3,071,974 and $3,015,995, respectively, which are recognized in the income statement as administration 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.

(Mexican pesos)

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

(15) Analysis of liability provisions (accruals)

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

		Balances as of March 31, 2022	Increases	Applications	Balances as of Mar 31, 2023
Employee benefits	$	13,993,635	19,993,667	13,993,635	19,993,667
Sales Incentives		1,405,390	1,014,930	1,405,390	1,014,930
Lawsuits		4,331,459	-	3,493,945	837,514
Sales & Marketing		2,159,345	7,875,919	2,159,345	7,875,919
Consultant & Audit		8,050,608	8,230,281	8,050,608	8,230,281
Opex & Operations		40,029,820	32,800,953	40,029,820	32,800,953
Property consolidation (1)		3,800,000	-	-	3,800,000
Utilities		565,208	667,029	565,208	667,029
COFEPRIS remediation actions (2)		-	750,000	-	750,000
	$	**74,335,465**	**71,332,779**	**69,697,951**	**75,970,293**

(1) As part of COFEPRIS (Comisión Federal para la Protección 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 kept on books a provision liability of $3,800,000 for legal, tax and other related expenses.

(2) As part of the COFEPRIS remediation actions for the re-opening of the suspended production lines, management of the Company booked a provision liability of $750,000, for a potential fine based on the average of the maximum and minimum expected fine, if any.

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

The Company leased IT equipment with contract terms of one to three and a half years, also lease vehicle equipment for 3 years. Information about leases for which the Company is a lessee is presented below:

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

Lease Assets (Right of use assets)		Vehicles	Machinery and Equipment
Balance as of March 31, 2021	$	-	723,013
Depreciation charge on period Apr21 – Mar22		-	(484,976)
Balance as of March 31, 2022		-	**238,037**
Assets uploaded on period April22 – Mar23		11,544,782	-
Depreciation charge for period Apr22 - Mar23		(1,159,503)	(238,037)
Balance on March 31, 2023	**$**	**10,385,279**	-

(Mexican pesos)

Lease liabilities		**Vehicles**	**Machinery and Equipment**
Lease liabilities period Apr21 – Mar22 (short term)	$	-	276,369
Lease Liabilities period Apr21 – Mar22 (long term)		-	-
Balance on March 31, 2022		-	**276,369**
Lease Liabilities period Apr22 – Mar23 (short tem)		3,467,048	-
Lease Liabilities period Apr22 – Mar23 (long term)		7,031,467	-
Balance on March 31, 2022	**$**	**10,498,515**	**276,369**

Total Interest charged to income statement for leases during the years ended on March 31, 2023, and 2022 were $352,450 and $53,999 of interest, respectively.

(17) Stockholders' equity.

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

a) Structure of capital stock.

Company's capital stock on March 31, 2023, and 2022 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 on March 31, 2023**	$	**187,000,000**

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. from 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 on March 31, 2015, was represented by 187,000,000 common, registered shares, with a par value of one peso, which 186,999,999 shares belonged to Lupin Atlantis Holdings, and one share belonged to Amrut Diwakar Naik.
- At the Stockholders' Meeting held on September 6, 2017, a resolution was passed with effect of Amrut Diwakar Naik, gratuitously giving in its shareholding on Laboratorios Grin, S. A. de C. V. 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.
- After the aforementioned activity, the Company's capital stock on March 31, 2019, is represented by 187,000,000 common, registered shares, with a par value of one peso, which 186,999,998 shares belong to Lupin Atlantis Holdings, S.A. and 2 shares belongs to Lupin Mexico, S. A. de C. V.

(Mexican pesos)

- As of March 31, 2023, total stockholders' equity is represented as follows.

	Series A shares	Series B shares
Lupin Atlantis Holdings S.A.	49,999	186,949,999
Lupin Mexico S.A. de C.V.	1	1
Total	**50,000**	**186,950,000**

(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. Last Actuarial labor study has been performed on March 31, 2022 (D3), actuarial labor study has been performed at March 31, 2023.

As of March 31, 2023. and 2022, OCI are comprised as follows:

		Mar 2023	Mar 2022
Initial (gain) loss arising from experience adjustments	$	5,558,477	6,619,896
Remeasurement (gain) arising from experience adjustments		(3,029,314)	(1,061,419)
Total	$	**2,529,163**	**5,558,477**

(c) Restrictions on stockholder's equity.

In accordance with the General Corporations Law, five percent of net income for the year must be appropriated to the statutory reserve, until it reaches one-fifth of capital stock. As of March 31, 2023, the statutory reserve amounts to $37,400,000, amount that has comply with the portion aligned to Corporations Law.

(18) 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:

		Mar 2023	Mar 2022
Current income tax	$	34,339,137	74,397,148
Deferred income tax		1,878,936	(27,148,095)
Total income tax under the income statement.	$	**36,218,073**	**47,249,053**

(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

		Mar 2023	Mar 2022
Computed "expected" tax expense	$	40,882,850	29,715,292
Increase (reduction) resulting from:			
Effects of inflation, net		(5,243,041)	(5,178,952)
Non-deductible expenses		1,732,380	22,604,463
Others net		(1,154,116)	108,250
IT expense	$	**36,218,073**	**47,249,053**

As of March 31, 2023, and 2022, the effective tax rate recognized in income was 27% and 49% 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 March 31, 2023, and 2022 are presented as follows:

		Mar 2023	March 2022
Deferred tax assets:			
Property, plant and equipment	$	19,375,961	14,874,918
Intangible assets		1,285,185	1,070,255
Employee Benefits (D-3)		7,247,250	3,181,869
Accruals		35,486,444	37,548,831
Revenue Recognition		196,227	5,994,760
ESPS		6,304,752	8,469,947
Invoices not paid (Natural persons, Civil Association, Civil Society)		726,976	1,675,580
Customer Advances		20,689	20,689
Total gross deferred tax assets		**70,643,484**	**72,836,849**

		Mar 2023	March 2022
Deferred tax liabilities:			
Prepaid expenses	$	719,561	734,148
Transportation equipment (Non-deductible)		684,881	1,016,529
Buildings (Non-deductible)		3,479,815	3,479,815
Deferred ESPS		5,945,447	5,913,641
Total gross deferred tax liabilities		**10,829,704**	**11,144,133**
Net deferred tax assets	$	**59,813,780**	**61,692,716**

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.

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.

(Mexican pesos)

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, 2023, and 2022, the Company recognized in income statement an ESPS provision of $11,704,580 and $27,659,331 respectively.

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 income tax 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 2023	March 2022
Deferred tax assets:			
Property, plant and equipment	$	6,458,654	4,958,306
Intangibles		428,395	356,751
Employee benefits (D3)		2,415,750	1,060,623
Accruals		11,828,815	12,516,277
Deferred revenue		65,409	1,998,253
NP, SC & AC invoices not paid		242,325	558,527
Customer advances		6,896	6,896
Total gross deferred ESPS assets	**$**	**21,446,244**	**21,455,633**
		March 2023	**March 2022**
Deferred ESPS liabilities:			
Prepaid expenses	$	239,853	244,716
Transportation equipment (Non-deductible)		228,294	338,843
Buildings (Non-deductible)		1,159,938	1,159,938
Total gross deferred ESPS liabilities		**1,628,085**	**1,743,497**
Net deferred ESPS asset	**$**	**19,818,159**	**19,712,136**

(Mexican pesos)

(19) Employees´ benefits (Labor actuarial calculation – MFRS D-3)

The components of defined benefit cost for the years ended on March 31, 2023, and 2022 are shown below:

The value of the DBO (Defined Benefit Obligation) on March 31, 2023, and 2022, amounted to $26,686,663 and $20,012,157 respectively.

The financial position between the DBO present value and the PA (Plan Assets) fair value and the A/L NDB (Net Defined Benefit Asset/Liability) recognized in the statement of the financial position is presented as follow:

		Seniority premium		Termination indemnity		Total	
NDBL		**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Accumulated Benefit Obligation (ABO)	$	-	-	-	-	-	-
DBO		(4,910,002)	(4,147,868)	(21,776,661)	(15,864,289)	(26,686,662)	(20,012,157)
(Liability)/Asset	$	**(4,910,002)**	**(4,147,868)**	**(21,776,661)**	**(15,864,289)**	**(26,686,662)**	**(20,012,157)**

Reconciliation of net defined benefit (Liability) / Assets

		Seniority premium		Termination indemnity		Total	
NDBL		**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
(Liability)/Asset at the beginning of the period	$	(4,147,869)	(4,247,462)	(15,864,289)	(10,257,102)	(20,012,158)	(14,504,564)
Period net cost		(2,398,252)	(1,475,592)	(16,902,850)	(14,507,957)	(19,301,102)	(15,983,549)
Benefits Paid by company		982,540	1,001,432	8,614,743	8,413,104	9,597,283	9,414,536
Remeasurements of (NDBL)/NDBA recognized in OCI*		653,579	573,753	2,375,735	487,667	3,029,314	1,061,420
(Deficit)/ Surplus at the end of the year	$	**(4,910,002)**	**(4,147,869)**	**(21,776,661)**	**(15,864,288)**	**(26,686,663)**	**(20,012,157)**

*Other Comprehensive Income

Period Net Cost

An analysis of the period net cost by plan type:

		Seniority premium		Termination indemnity		Total	
PNC		**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Present service cost	$	(1,701,263)	(847,233)	(14,590,493)	(12,646,857)	(16,291,756)	(13,494,090)
Net interest on DB Obligation /(Asset) not founded		(332,008)	(244,134)	(1,202,707)	(588,473)	(1,534,715)	(832,607)
Recycling of (Gain)/Loss recognized in OCI		(364,981)	(384,225)	(1,109,650)	(1,272,627)	(1,474,631)	(1,656,852)
PNC recognized in P&L	$	**(2,398,352)**	**(1,475,592)**	**(16,902,850)**	**(14,507,957)**	**(19,301,102)**	**(15,983,549)**

(Mexican pesos)

Actuarial Gains and Losses		Seniority premium 2022	2021	Termination indemnity 2022	2021	Total 2023	2022
Actuarial gains and losses at the beginning of the period	$	1,317,914	1,891,667	4,240,563	4,728,229	5,558,447	6,619,896
(Gain)/Loss of the DBO		(288,598)	(189,528)	(1,237,294)	784,962	(1,525,892)	595,434
Recycling of (Gain)/Loss of the DBO		(269,691)	(121,886)	(889,007)	(816,620)	(1,158,698)	(938,506)
Recycling of (Gain)/Loss of the Liability due to Settlement/Curtailment		(95,290)	(262,339)	(249,434)	(456,008)	(344,724)	(718,347)
(AGL) at the end of the period	**$**	**664,335**	**1,317,914**	**1,864,828**	**4,240,563**	**2,529,163**	**5,558,477**

Assumptions	2023	2022
Discount rate (net of inflation)	9.60%	8.60%
Rate of minimum wage increase	15.00%	15.00%
Long-term rate of minimum wage increase	5.00%	5.00%
Duration remaining employee labor life	5 years	5 years

(20) Analysis of income

An analysis of the sales nature is shown as follows:

		Mar 2022	Mar 2021
Sales	$	890,689,075	749,778,136
Allowance for returns		(13,053,235)	(9,930,779)
Discounts and rebates		(68,906,957)	(26,357,185)
Net Sales	$	**808,728,883**	**713,490,172**
Other Income*		511,434	-
Total Income	**$**	**809,240,317**	**713,490,172**

*For other income please refer to Note 9 (Intercompany income)

(21) Analysis of costs and expenses

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

Costs of sales		mar-23	mar-22
Raw material		149,294,988	138,919,186
Salaries and related cost		78,815,419	59,769,077
Maintenance and other		37,823,898	34,188,326
Depreciation and amortization		25,787,480	25,539,761
Insurances		6,058,007	4,844,003
Employee statutory profit sharing		4,482,724	3,034,420
	$	**302,262,516**	**266,294,773**

Financial statements
As of March 31, 2023, and 2022.
(Mexican pesos)

Selling and distribution expenses		**mar-23**	**mar-22**
Salaries and related cost	$	85,457,190	69,995,249
Promotional and advertising		36,778,315	27,387,893
Maintenance and other		51,321,085	31,289,354
Sales incentives		17,248,390	15,937,323
Employee statutory profit sharing		3,134,123	3,714,729
Medical samples		6,802,805	18,747,806
Depreciation and amortization		7,384,631	8,046,352
Insurances		4,771,899	4,859,714
Consultancy		8,265,866	1,191,519
Product developments		1,795,019	2,226,288
	$	**222,959,323**	**183,396,227**

Administrative expenses		**mar-23**	**mar-22**
Salaries and related cost	$	60,820,721	56,681,133
Consultancy		10,201,061	8,954,669
Maintenance and other		22,856,383	14,368,097
Depreciation and amortization		3,533,643	2,786,581
Insurances		2,709,960	1,010,360
Employee statutory profit sharing		3,766,345	17,205,726
Bank charges		171,113	180,836
Products Development		6,208,080	16,588,072
Deferred ESPS		(106,022)	(8,388,748)
Other taxes and fees		17,260,000	39,213,471
	$	**127,421,284**	**148,600,197**

Research and development expenses		**mar-23**	**mar-22**
Analytical and Development	$	7,660,301	7,342,073
Salaries and related cost		7,359,724	5,168,384
Maintenance and other		6,428,779	2,030,403
Depreciation		1,075,282	1,035,403
Insurances		413,944	235,382
Consultancy		3,256,400	-
Employee statutory profit sharing		321,388	203,109
	$	**26,515,818**	**16,014,754**

(22) 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 will not 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 raise an audit for company transactions and amounts submitted for all tax items carried out during the last 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 the determination of transfer prices, technical and labor conditions, business reason and ultimate tax jurisdictions of the group holding company and submit information related to tax authorities to be able to consider related parties expenses as deductibles.

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

e. An amount of $34,486,801 has been booked as assets under construction as a part of remediation actions requested by COFEPRIS on ophthalmic plant facilities.

f. Management of the Company does not expect incur in additional remediation costs to fix COFEPRIS findings.