

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

Financial Statements

As of March 31, 2025 and 2024

(With Independent Auditors' Report
on the financial information)



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, 2025 and 2024, the statements of comprehensive income (loss), changes in stockholders' equity and cash flows for the years then ended; and notes, comprising a summary of material 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, 2025 and 2024, and its results and its cash flows for the years then ended, in accordance with Mexican Financial Reporting Standards (FRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG CARDENAS DDSAL SC

Alejandro Ruiz Luna

Mexico City, May 2, 2025.

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

Statement of financial position

As of March 31, 2025 and March 2024

(Mexican pesos)

Assets	mar-25	mar-24	Liabilities and Stockholders' Equity	mar-25	mar-24
Current assets			Current liabilities		
Cash, cash equivalents (notes 3b and 4)	\$ 132,894,658	73,781,671	Current installments of:		
Accounts receivable (notes 3c and 7):	216,136,323	167,980,244	Long-term debt related parties (current portion) (note 8)	\$ 110,908,745	65,331,410
Other receivables (note 10)	141,896,776	169,600,382	Lease liabilities, (current portion) (notes 3g and 15)	10,796,070	8,938,889
Inventories - Net (notes 3d and 10)	151,957,817	127,948,464	Trade accounts payable (notes 3i)	80,758,235	51,985,980
Related parties (note 8)	3,094,624	3,684,300	Accruals (notes 3j and 14)	61,578,176	50,127,347
Advanced payments (notes 3e and 11)	23,715,903	27,881,163	Other accounts payable and accrued expenses	16,627,161	22,691,797
			Employees' statutory profit sharing (note 18)	8,822,217	3,903,009
Total current assets	669,696,101	570,876,224	Related parties (note 8)	3,361,727	3,296,076
			Bill and hold products	15,251,434	6,791,717
Long term prepayments (notes 3e and 10)	9,774,995	9,774,995	Total current liabilities	308,103,765	213,066,225
Property, plant and equipment - Net (notes 3f and 12)	368,612,271	384,012,356			
Intangible assets-Net (notes 3h and 13)	9,085,065	12,235,409	Long-term lease liabilities, (notes 3g and 15)	12,623,716	9,847,402
Right-of-use asset (notes 3g and 14)	21,964,209	17,843,881	Long-term debt related parties (note 8)	54,591,203	135,562,347
Deferred income tax (notes 3l and 17)	70,043,882	61,282,516	Employee benefits (notes 3j y nota 18)	37,142,636	32,769,096
Deferred employees' statutory profit sharing (notes 3l and 17)	24,961,932	21,625,372	Total liabilities	412,461,320	391,245,070
			Stockholders's equity:		
			Capital stock (note 16)	187,000,000	187,000,000
			Legal reserve	37,400,000	37,400,000
			Retained earnings and other capital accounts	540,943,395	464,992,212
			Other comprehensive income (note 16)	(3,666,260)	(2,986,528)
			Total stockholders' equity	761,677,135	686,405,684
Total assets	\$ 1,174,138,455	1,077,650,753	Total liabilities and stockholders' equity	\$ 1,174,138,455	1,077,650,754

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

Mr. Luis Guillermo Cortés Pelaez (CEO)

Mr. Miguel Ángel Moreno Fernández (CFO)

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

Statement of comprehensive income

For the years ended March 31, 2025 and 2024

(Mexican pesos)

	<u>2025</u>	<u>2024</u>
Net sales (nota 19)	\$ 950,891,394	581,262,087
Cost of sales (nota 20)	<u>361,086,034</u>	<u>228,943,162</u>
Gross profit	589,805,360	352,318,925
Other income	<u>14,042,564</u>	<u>3,610,180</u>
Expenses (nota 20)	603,847,924	355,929,105
Selling and distribution	290,068,411	242,570,222
Administrative	132,597,694	111,841,951
Research and development	<u>32,355,707</u>	<u>10,768,650</u>
Total expenses	<u>455,021,812</u>	<u>365,180,823</u>
Operating income (loss)	<u>148,826,112</u>	<u>(9,251,718)</u>
Comprehensive financing result:		
Interest income	5,334,503	3,397,668
Interest expense LAHSA (note 8)	(9,721,918)	(7,239,603)
Interest on leasing equipment (note 15)	(3,056,734)	(2,382,553)
Foreign exchange gain - net (note 6)	<u>(40,030,326)</u>	<u>10,963,585</u>
Comprehensive financial result - net	(47,474,475)	4,739,097
Profit (loss) before income (loss) tax	<u>101,351,637</u>	<u>(4,512,621)</u>
Income tax (note 17)	<u>1,065,272,423</u>	<u>(1,468,736)</u>
Net income (loss)	75,951,184	(3,043,885)
Other comprehensive income:		
Remeasurements of defined benefit liability (note 16b)	<u>(679,732)</u>	<u>(457,365)</u>
Comprehensive income (loss) for year	<u>\$ 75,271,452</u>	<u>(3,501,250)</u>

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

Mr. Luis Guillermo Cortés Pelaez (CEO)

Mr. Miguel Ángel Moreno Fernández (CFO)

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

Statement of changes in stockholders' equity

For the year ended March 31, 2025 and 2024

(Mexican pesos)

Concept	Capital <u>stock</u>	Legal <u>reserve</u>	<u>Retained</u>		Other comprehensive <u>income</u>	Total stockholders' <u>equity</u>
			<u>Earnings</u>	<u>Subtotal</u>		
Balances as of March 31, 2023	\$ 187,000,000	37,400,000	468,036,096	692,436,096	(2,529,163)	689,906,933
Net profit of the year	-	-	(3,043,885)	(3,043,885)	(457,365)	(3,501,250)
Balances as of March 31, 2024	187,000,000	37,400,000	464,992,211	689,392,211	(2,986,528)	686,405,683
Net profit of the period	-	-	75,951,184	75,951,184	(679,732)	75,271,452
Balances as of March 31, 2025	\$ <u>187,000,000</u>	<u>37,400,000</u>	<u>540,943,395</u>	<u>765,343,395</u>	<u>(3,666,260)</u>	<u>761,677,135</u>

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

Mr. Luis Guillermo Cortés Pelaez (CEO)

Mr. Miguel Ángel Moreno Fernández (CFO)

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

Statement of cash of flows

For the year ended March 31, 2025 and 2024

(Mexican pesos)

	<u>March</u> <u>2025</u>	<u>March</u> <u>2024</u>
Cash flows from operating activities:		
Income (loss) before income taxes	\$ 101,351,637	(4,512,621)
Items relating to investing activities:		
Depreciation and amortization	45,850,663	43,230,138
Loss (gain) on sale and retirement of equipment	663,817	(3,610,180)
Interest income	(5,334,503)	(3,397,668)
Interest expense	12,778,652	9,622,156
Deferred employee statutory profit sharing	(3,336,560)	(1,807,213)
Unrealized foreign exchange loss (gain)	42,478,713	(189,250)
Derivative financial instruments		(536,165)
Period net cost		12,142,319
	194,452,419	50,941,516
Change in working capital:		
Accounts receivable	(48,156,079)	(82,070,653)
Other receivables	27,703,606	(20,193,717)
Inventories, net	(24,009,353)	(26,853,281)
Prepayments	362,629	5,437,501
Trade accounts payable	32,574,886	(18,292,189)
Other liabilities	(40,226,453)	(240,847)
Accruals	11,450,829	(25,842,945)
Income taxes paid (Note 19)		(38,153,840)
Lease Liabilities	4,633,495	
Employee statutory profit sharing	4,919,208	(17,112,832)
Employee benefits	3,693,808	(6,517,252)
Related parties	655,327	463,156
Obligations for delivery of products	8,459,717	6,137,628
Net cash provided by operating activities	176,514,039	<u>(172,297,755)</u>
Cash flows from investing activities:		
Acquisitions of property and equipment	(15,205,313)	(18,043,309)
Acquisitions right to use assets	(16,215,250)	
Acquisitions of intangible assets		18,678
Proceeds from sale of equipment	(663,817)	3,693,987
Interest received	5,334,503	3,397,668
Net cash used in investing activities	(26,749,877)	<u>(10,932,976)</u>
Cash surplus to be applied (cash to be obtained by) in financing activities	149,764,162	<u>(183,230,731)</u>
Cash flows from financing activities:		
Loan from Lupin Atlantis Holding		129,630,690
Interest paid to Lupin Atlantis Holdings S.A. (note 9)	(10,201,378)	(5,475,600)
Payments of loan Lupin Atlantis Holdings S.A. (note 9)	(77,393,063)	
Payments of loan lease obligations	(3,056,734)	<u>(2,382,553)</u>
Net cash (used) provided by financing activities	<u>(90,651,175)</u>	121,772,537
Net increase (decrease) in cash and cash equivalents	59,112,987	(61,458,194)
Cash, cash equivalents and restricted cash:		
At beginning of year	73,781,671	135,239,865
At end of year	\$ 132,894,658	73,781,671

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

Mr. Luis Guillermo Cortés Pelaez (CEO)

Mr. Miguel Ángel Moreno Fernández (CFO)

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

Notes to Financial Statements.

For the years ended March 31, 2025, and 2024.

(Mexican pesos)

(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.

(2) Financial statement authorization and presentation-

Authorization

On May 2, 2025, Luis Guillermo Cortes Pelaez (CEO) y Miguel Angel Moreno Fernandez (CFO), 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, 2025, and 2024, have been prepared in accordance with Mexican reporting Standard (FRS).

b) Use of estimates and judgments

The preparation of the financial statements requires Management to make several 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.

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

Notes to Financial Statements

(Mexican pesos)

ii. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as of March 31, 2025, 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.

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

Notes to Financial Statements

(Mexican pesos)

c) Functional and reporting currency

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

d) Statement of comprehensive income presentation

The Company opted for reporting comprehensive income in a single statement that includes all the items that comprise net income 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:

March 31,	Inflation	
	Yearly	Cumulative
2025	3.80%	15.07%
2024	4.42%	19.89%
2023	6.85%	20.17%

(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.

(Continúa)

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

Notes to Financial Statements

(Mexican pesos)

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.

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

Notes to Financial Statements

(Mexican pesos)

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 7). 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.

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

Notes to Financial Statements

(Mexican pesos)

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.
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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.

Impairment

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at fair value through OCI; and
- contract assets.

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Laboratorios Grin, S. A de C. V.
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Notes to Financial Statements

(Mexican pesos)

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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.

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.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at fair value through OCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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Evidence that a financial asset is credit -impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties

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.

For debt securities at fair value through OCI, the loss allowance is charged to income and is recognized in OCI.

Expected Credit Losses (ECL) are calculated on a yearly basis; based on collection history, as of March 31, 2025, 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	1.86%	2.17%	2.94%	0.00%	4.54%	1.88%
Standard	Private	1.52%	1.88%	1.08%	2.31%	0.00%	1.44%
Standard	Government	0.63%	1.09%	0.00%	0.00%	0.00%	0.63%
Standard	Tender	1.42%	1.29%	2.69%	3.47%	4.77%	1.33%
Standard	Other	0.07%	0.38%	0.00%	0.00%	0.00%	0.22%
Standard	Export	0.73%	1.89%	2.67%	3.19%	9.25%	0.80%
New	Wholesaler	3.04%	0.00%	0.00%	3.42%	0.00%	2.8%
New	Private	2.79%	0.00%	4.13%	3.73%	4.11%	2.16%
Total		1.33%	1.98%	2.81%	3.38%	4.89%	1.50%

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.

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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 are presented 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 as follows:

	<u>Rates</u>
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.

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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.

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(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.

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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 raw 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
Audit and Consultancy services	A provision for statutory audits and consultancy services are booked base on agreements sign to provide services related with actual period.
Contractual Provision (Opex)	A provision for contractual agreements for non-operating services are booked when a P.O has been granted and delivered to the supplier as a commitment, and reception date is under actual period
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.

(l) Employee benefits-

Short-term direct benefits

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

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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 enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect on deferred tax and Deferred ESPS assets and liabilities of a change in tax rates is recognized on the statement of comprehensive income in the period that includes the enactment date.

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

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(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
<u>Sale of Goods</u>	<p>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.</p> <p>Invoices for major clients are usually payable within 60 -90 days. No discounts are provided for products based on volume sales goal.</p> <p>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.</p> <p>Some contracts permit to the customer to return an item.</p> <p>Returned goods are exchanged only for new goods. No cash refunds are offered.</p>	<p>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.</p> <p>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.</p>

(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., Pharma Plus, represented 87.2% at March 2025 and 88.30% at March 2024 of the company total net sales.

(p) Research and advertising costs-

Research and advertising costs are expensed as incurred.

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(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) Cash and cash equivalents-

Cash and cash equivalents balance on March 31, 2025, and 2024, 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 2025	March 2024
Cash in hands	\$ 7,500	7,500
Bank deposits	132,887,158	73,774,171
	\$ 132,894,658	73,781,671

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(5) 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, 2025		March 31, 2024	
	USD	EUR	USD	EUR
Short term:				
Current assets	2,225,225	387,762	1,820,011	-
Current liabilities	(1,416,107)	(107,515)	(511,842)	(47,192)
Long-term liabilities	(8,004,000)	-	(12,000,000)	-
Total liabilities	9,420,107	107,515	(12,511,842)	(47,192)
Net liabilities	7,194,885	280,247	(10,691,831)	(47,192)

As of March 31, 2025, and 2024, foreign exchange (loss) gain amounted \$(40,030,326) and \$10,963,585 respectively, and booked in the income statement.

The exchange rates used in the various translation processes to the reporting currency as of March 31, 2025, and 2024 were as follows:

<u>Country of origin</u>	<u>Currency</u>	<u>Exchange rate</u>	
		<u>March 2025</u>	<u>March 2024</u>
United States of America	USD	20.4003	16.5323
European Economic Community	Euro	22.1149	17.8871

(6) Financial instruments-

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.

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivable from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Trade receivable and contract assets

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

The allowance for credit losses as of March 31, 2025, and 2024, shown as follows:

March 31, 2025	Up to 7 days	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days	Total
% allowance for credit losses	1.55%	1.53%	2.75%	0.00%	4.07%	1.60%
Gross carrying amount - accounts receivable	\$ 219,960,797	14,366,312	1,958,642	3,097,178	5,370,310	244,753,239
Allowance for credit losses	3,417,066	220,318	53,775	17,038	218,657	3,926,854

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March 31, 2024	Up to 7 days	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days	Total
% allowance for credit losses	1.66%	2.07%	1.90%	3.73%	3.11%	1.77%
Gross carrying amount - accounts receivable	\$ 147,484,418	36,870,572	12,907,320	1,465,523	2,622,876	201,350,709
Allowance for credit losses	2,442,833	763,891	245,727	54,724	1,181,802	4,688,977

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

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

Liquidity risk

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

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

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.

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March 31, 2025	Carrying amount	Total	Contractual cash flows				
			Less than 6 months	6 -12 months	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities							
Trade accounts payable	\$ 80,758,235	(80,758,235)	(80,758,235)	-	-	-	-
Loans	165,499,948	(165,499,948)	(54,591,203)	-	(110,908,745)	-	-
	\$ 246,258,183	(246,258,183)	(135,349,438)	-	(110,908,745)	-	-

March 31, 2024	Carrying amount	Total	Contractual cash flows				
			Less than 6 months	6 -12 months	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities							
Trade accounts payable	\$ 51,985,981	(51,985,981)	(51,985,981)	-	-	-	-
Loans	200,893,757	(200,893,757)	(65,331,410)	-	(135,562,347)	-	-
	\$ 252,879,738	(252,879,738)	(117,317,391)	-	(135,562,347)	-	-

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 2025 than in 2024, 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 2025 than in 2024, 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.

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(7) Accounts receivable-

Accounts receivable integration is shown as follows:

	March 2025	March 2024
Accounts receivable	\$ 244,753,239	201,350,709
Allowance for doubtful accounts	(68,774)	(1,135,571)
Allowance for credit loss	(3,858,079)	(3,553,406)
Allowance for returns	(24,690,063)	(28,681,488)
Total accounts receivable	\$ 216,136,323	167,980,244

(8) Related-party transactions and balances-

a. Balances with related parties on March 31, 2025, and 2024 are shown as follows:

	March 2025	March 2024
Payable:		
Lupin Management, Inc	\$ 2,610,240	2,156,975
Lupin Limited	751,487	736,986
Lupin Inc	-	402,115
	\$ 3,361,727	3,296,076

	March 2025	March 2024
Receivable:		
Lupin Limited	\$ 1,978,956	2,579,040
Medquimica Industria Farmaceutica	65,818	39,893
Multicare Pharmaceuticals	-	-
Lupin Pharma Canada Limited	12,775	6,839
Lupin Inc	500,422	372,035
Lupin Atlantis Holdings	536,653	686,493
	\$ 3,094,624	3,684,300

b. Balances payable for long term loan to Lupin Atlantis Holdings, S. A. (controlling company) as of March 31, 2025, and 2024 is comprised as follows:

c.

	March 2025	March 2024
Loan ⁽¹⁾	\$ 162,939,312	198,387,600
Interest payable	2,560,636	2,506,157
	165,499,948	200,893,757
Debt related parties current portion	110,908,745	65,331,410
Long-term debt related parties	\$ 109,867,902	135,562,347

(Continúa)

Laboratorios Grin, S. A de C. V.
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Notes to Financial Statements

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

- (1) On October 1, 2014, the Company entered into a loan up to US\$15,000,000, of unsecured credit line payable to Lupin Atlantis Holdings, S. A. (Controlling Company) from which US\$13,266,971 (\$230,000,000 MXN) have been disposed as of December 31, 2014, bearing annual interest rate of LIBOR + 5.00 BPS (5.32%) The Company may, at any time and without penalty or premium, paid off or part of the principal amount, however with a minimum amount of US\$500,000 per repayment.

The Company has made a repayment for US\$13,462,819, (\$261,437,346) 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)
- June 30, 2024 US\$1.332.000, (\$24,512,396 MXN)
- September 30, 2024 US\$1.332.000, (\$25,782,458 MXN)
- January 08, 2025 US\$1.332.000, (\$27,098,208 MXN)

The line of credit is granted for a duration of eight years from the effective date maturing December 31, 2024.

- (2) On July 24, 2023, the Company increased its credit line with Lupin Atlantis Holdings up to US\$10,000,000. With a fix rate of 5% annual. The credit line is granted for a 36-month period maturing on July 24, 2026.

On July 26, 2023, the Company receives a first withdraw for an amount of US\$3,500,000 (MX\$59,176,250).

On October 6, 2023, the Company receives the second withdraw for an amount of US\$2,699,848 (MX\$45,609,882).

On December 5, 2023, the Company receives the third withdraw for an amount of US\$2,000,000 (MX\$33,785,000).

As of December 31, 2023, the Company has a final balance of this line credit due for US\$12,000,000, (\$198,387,600 MXN).

- (3) During the period from April 1, 2024 to March 31 2025, Company paid interest for US\$556,905 (\$10,201,378 MXN). During the period from April 1, 2023, to March 31, 2024, company paid interest for and US\$317,020 (4,650,891 MXN).

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Notes to Financial Statements

(Mexican pesos)

(4) During the period ended March 31, 2025 and 2024, the Company carried out the following operations with related parties:

	March 2025	March 2024
Expenses:		
Expenses for services received from:		
Lupin Management Inc	\$ 9,137,006	9,296,617
Lupin Inc	469,282	809,706
Lupin Limited (ESOP Cost)	376,291	435,044
Interest:		
Lupin Atlantis Holdings, S. A.	9,721,918	7,239,603
IT expenses: Maintenance, support services and reimbursements:		
Lupin Limited	2,845,083	2,167,819
Total expenses	\$ 22,549,580	19,948,789
Income:		
Expense Reimbursement		
Lupin Limited	\$ 6,254,858	3,562,392
Medquimica Industria Farmaceutica	361,663	300,569
Multicare Pharmaceuticals	56,923	-
Lupin Pharma Canada Limited	67,415	286,152
Lupin Inc	1,588,323	1,572,793
Lupin Atlantis Holdings, S. A.	1,854,022	1,922,243
Total income	\$ 10,183,204	7,644,149

(9) **Other receivables-**

Other receivables consist of the following:

	March 2025	March 2024
Recoverable value-added tax (VAT)	\$ 104,014,809	118,289,801
Income Tax Prepayments	37,632,736	47,878,161
Employees and officers	249,231	3,432,495
Total other receivables	\$ 141,896,776	169,600,457

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Notes to Financial Statements

(Mexican pesos)

(10) Inventories-

The summary of inventories is shown as follows:

	March 2025	March 2024
Raw & package materials	\$ 72,776,021	66,270,009
Finished goods	85,590,171	77,238,935
Work in process	5,899,331	3,645,963
	164,265,523	147,154,907
Allowance for raw material	(2,724,308)	(9,989,005)
Allowance for finished goods	(6,539,016)	(7,873,689)
Allowance for work in process	(3,044,382)	(1,343,749)
Allowance for decrease in value and expired items	(12,307,706)	(19,206,443)
Total Inventories	\$ 151,957,817	127,948,464

As of March 31, 2025, and 2024, inventories kept in a third-party warehouse are \$73,237,415 and \$76,163,741, respectively.

(11) Prepayments and other.

Prepayments are comprised as follows:

	March 2025	March 2024
Insurances	\$ 163,999	96,397
Advances to suppliers	20,951,564	25,914,023
Guarantee deposits	1,199,214	437,787
Annual taxes for land and for ownership of company vehicles	1,401,126	1,432,956
Prepayments	23,715,903	27,881,163
Long term prepayments (1)	9,774,995	9,774,995
Total Prepayments	\$ 33,490,898	37,656,158

- (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.

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Laboratorios Grin, S. A de C. V.
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Notes to Financial Statements

(Mexican pesos)

(12) Property, plant, and equipment-

The detail of this item is shown below:

	March 31, 2025	March 31, 2024	April 1, 2024	Depreciation annual rate (%)
Buildings	\$ 218,839,203	211,952,055	200,249,789	5
Machinery and equipment	215,895,510	216,946,798	209,304,516	10
Transportation equipment	2,200,586	8,996,519	18,217,515	25
Computer equipment	16,447,568	15,609,731	15,475,089	30
Office furniture and fixtures	4,793,514	4,515,695	4,515,695	10
	458,176,381	458,020,798	447,762,604	
Less - Accumulated depreciation	(273,782,578)	(249,766,739)	(226,598,660)	
Components not subject to depreciation:				
Land	126,418,684	126,418,684	126,418,684	
Assets under construction	57,799,784	49,339,613	50,835,327	
	\$ 368,612,271	384,012,356	398,414,955	

The depreciation recorded in the Income statement as of March 31, 2025, and 2024, amounted to \$30,605,396.99 and \$32,362,100 respectively.

(13) Intangible assets-

Intangible assets include as follows:

	March 2025	March 2024	Amortization term in years
Licenses and trademarks ^{(1) (2)}	\$ 30,159,952	30,159,952	10
Other (sanitary licenses)	-	-	20
Software	895,657	895,657	10
	31,055,609	31,055,609	
Accumulated amortization	(21,970,544)	(18,820,200)	
	\$ 9,085,065	12,235,409	

The amortization recorded in the income statement as of March 31, 2025, and 2024, amounted to \$3,150,344 and \$3,150,344, respectively, which are recognized in the income statement as administration expense.

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Laboratorios Grin, S. A de C. V.
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Notes to Financial Statements

(Mexican pesos)

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

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

(14) Analysis of liability provisions (accruals)-

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

	Balances as of March 31, 2024	Increases	Applications	Balances as of March 31, 2025
Employee benefits	\$ 24,568,536	34,023,712	24,568,536	34,023,712
Sales incentives	1,960,308	1,864,442	1,960,308	1,864,442
Lawsuits	637,514	680,023	199,910	1,117,627
Sales & marketing	9,578,973	9,309,342	9,578,973	9,309,342
Consultant & audit	8,562,597	6,495,820	8,562,597	6,495,820
Opex & operations	3,797,005	8,767,236	3,797,005	8,767,236
Utilities	1,022,414	(3)	1,022,414	(3)
	\$ 50,127,347	61,140,572	49,689,743	61,578,176

(15) 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	Total
Balance as of April 1, 2023	\$ 10,385,279	-	10,385,279
Assets uploaded on period Apr23 – Mar24	13,197,270	1,979,026	15,176,296
Depreciation charge on period Apr23 – Mar24	(6,998,048)	(719,646)	(7,717,694)
Balance as of April 1, 2024	16,584,501	1,259,380	17,843,881
Assets uploaded on period Apr24 – Mar25	16,215,250	-	16,215,250
Depreciation charge on period Apr24 – Mar25	(11,375,277)	(719,645)	(12,094,922)
Net Balance on March 31, 2025	\$ 21,424,474	539,735	21,964,209

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Laboratorios Grin, S. A de C. V.
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Lease Liabilities	Vehicles	Machinery and Equipment	Total
Lease Liabilities period Apr23 – Mar24 (short term)	\$ 8,210,675	728,214	8,938,889
Lease Liabilities period Apr23 – Mar24 (long term)	9,235,669	611,733	9,847,402
Balance on March 31, 2024	\$ 17,446,344	1,339,947	18,786,291
Lease Liabilities period Apr24 – Mar25 (short term)	\$ 12,011,984	611,733	12,623,717
Lease Liabilities period Apr24 – Mar25 (long term)	10,796,069	-	10,796,069
Balance on March 31, 2025	\$ 22,808,053	611,733	23,419,786

Total Interest charged to income statement for leases during the years ended on March 31, 2025, and 2024 were \$3,056,734 and \$2,382,553 of interest, respectively.

(16) Stockholders' equity-

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

a) Structure of capital stock-

Company's capital stock on March 31, 2025, and 2024 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, 2025	\$ 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.

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Laboratorios Grin, S. A de C. V.
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Notes to Financial Statements

(Mexican pesos)

- 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.
- As of March 31, 2025, 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, 2024 (D3), actuarial labor study has been performed at March 31, 2025.

As of March 31, 2025, and 2024, OCI are comprised as follows:

	March 2025	March 2024
Initial loss arising from experience adjustments	\$ 2,986,528	2,529,163
Remeasurement (gain) arising from experience adjustments	679,732	457,365
Total	\$ 3,666,260	2,986,528

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, 2024, the statutory reserve amounts to \$37,400,000, amount that has comply with the portion aligned to Corporations Law.

(17) 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.

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Laboratorios Grin, S. A de C. V.
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Notes to Financial Statements

(Mexican pesos)

a) Income Tax (IT)-

The Income tax provision is analyzed as follows:

	Mar 2025	Mar 2024
Current income tax	\$ 34,161,819	-
Deferred income tax	(8,761,366)	(1,468,736)
	\$ 25,400,453	(1,468,736)

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 2025	Mar 2024
Computed "expected" tax expense (benefit)	\$ 30,405,491	(1,353,786)
Increase (reduction) resulting from:		
Effects of inflation, net	(5,184,145)	(4,925,220)
Non-deductible expenses	461,232	4,758,153
Others, net	(282,125)	52,117
IT expense	\$ 25,400,453	(1,468,736)

As of March 31, 2025, and 2024, the effective tax rate recognized in income was 25% and 33% 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, 2025, and 2024 are presented as follows:

	March 2025	March 2024
Deferred tax assets:		
Property, plant and equipment	\$ 21,506,159	20,213,859
Intangible assets	993,203	1,209,747
Right-of-use asset	436,673	282,723
Employee Benefits (D-3)	11,142,791	9,830,729
Accruals	32,098,267	30,811,276
Customer advance	7,426,258	2,037,515
ESPS	2,646,665	1,170,903
Tax losses carryforward	-	1,723,108
Invoices not paid (Natural persons, Civil Association, Civil Society)	1,751,982	949,074
Total gross deferred tax assets	78,001,998	68,228,934
Deferred tax liabilities:		
Prepaid expenses	469,536	458,806
Deferred ESPS	7,488,580	6,487,612
Total gross deferred tax liabilities	7,958,116	6,946,418
Net deferred tax assets	\$ 70,043,882	61,282,516

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Laboratorios Grin, S. A de C. V.
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Notes to Financial Statements

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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.

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, 2025, and 2024, the Company recognized in income statement an ESPS provision of \$8,822,217 and \$2,433,734, 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 2025	March 2024
Deferred tax assets:		
Property, plant and equipment	\$ 7,168,720	6,737,953
Intangibles	331,068	403,249
Right-of-use asset	145,558	94,241
Employee benefits (D3)	3,714,264	3,276,910
Accruals	10,699,422	10,270,425
Deferred revenue	-	679,172
NP, SC & AC invoices not paid	583,994	316,358
Customer advances	2,475,420	-
Total gross deferred ESPS assets	25,118,446	21,778,308
Deferred ESPS liabilities:		
Prepaid expenses	156,514	152,936
Total gross deferred ESPS liabilities	156,514	152,936
Net deferred ESPS asset	\$ 24,961,932	21,625,372

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Notes to Financial Statements

(Mexican pesos)

Caused ESPS rate

The caused ESPS rate in 2025 and 2024 was 10%, respectively, and is the result of dividing the amount of the caused ESPS in the period according to the current legal rate (10%) and the limits established in the applicable legislation, between the amount of ESPS determined by applying the legal rate (10%) and multiplying the result by that same current legal rate.

(18) Employees' benefits (Labor actuarial calculation – MFRS D-3)-

The components of defined benefit cost for the years ended on March 31, 2025, and 2024 are shown below:

The value of the DBO (Defined Benefit Obligation) on March 31, 2025, and 2024, amounted to \$37,142,636 and \$32,769,096, 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	
	2025	2024	2025	2024	2025	2024
Defined Benefit Obligation as of March 31, 2025	(6,673,677)	(5,862,241)	(30,468,959)	(26,906,855)	(37,142,636)	(32,769,096)

Reconciliation of net defined benefit Liability.

NDBL	Seniority premium		Termination indemnity		Total	
	2025	2024	2025	2024	2025	2024
(Liability)/Asset at the beginning of the period	\$ (5,862,241)	(4,910,002)	(26,906,855)	(21,776,661)	(32,769,096)	(26,686,663)
Period net cost	(1,462,899)	(1,231,409)	(13,691,489)	(10,910,910)	(15,154,388)	(12,142,319)
Benefits Paid by company	1,286,469	422,777	10,169,951	6,094,475	11,456,420	6,517,252
Remeasurements of (NDBL)/NDBA recognized in OCI*	(635,006)	(143,607)	(40,566)	(313,759)	(675,572)	(457,366)
Defined Benefit Obligation as of March 31, 2025	\$ (6,673,677)	(5,862,241)	(30,468,959)	(26,906,855)	(37,142,636)	(32,769,096)

* Other Comprehensive Income.

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Laboratorios Grin, S. A de C. V.
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Notes to Financial Statements

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Period Net Cost

An analysis of the period net cost by plan type:

	Seniority premium		Termination indemnity		Total	
	2025	2024	2025	2024	2025	2024
Present service cost	\$ (798,855)	(702,656)	(432,415)	(8,695,893)	(1,231,270)	(9,398,549)
Net interest on DB Obligation /(Asset) not founded	(498,439)	(391,076)	(2,164,545)	(1,644,365)	(2,662,984)	(2,035,441)
Recycling of (Gain)/Loss recognized in OCI	(165,605)	(137,677)	(1,136,029)	(570,652)	(1,301,634)	(708,329)
PNC recognized in P&L	\$ (1,462,899)	(1,231,409)	(3,732,989)	(10,910,910)	(5,195,888)	(12,142,319)

Actuarial Gains and losses	Seniority premium		Termination indemnity		Total	
	2025	2024	2025	2024	2025	2024
Actuarial gains and losses at the beginning of the period	\$ 783,311	664,335	2,207,378	1,864,828	2,986,528	2,529,163
(Gain)/Loss of the DBO	800,611	281,284	1,176,595	884,411	1,977,206	1,165,695
Recycling of (Gain)/Loss of the DBO	(165,605)	(137,677)	(472,672)	(402,898)	(638,277)	(540,575)
Recycling of (Gain)/Loss of the Liability due to Settlement/Curtailment	-	-	(663,357)	(167,755)	(663,357)	(167,755)
(AGL) at the end of the period	\$ 1,418,317	807,942	2,247,944	2,178,586	3,662,100	2,986,528

Assumptions	2025	2024
Discount rate (net of inflation)	9.80%	9.60%
Rate of minimum wage increase	12.00%	15.00%
Long-term rate of minimum wage increase	5.00%	5.00%
Duration remaining employee labor life	4 years	5 years

(19) Analysis of income-

An analysis of the sales nature is shown as follows:

	Mar 2025	Mar 2024
Sales	\$ 1,030,412,941	654,974,694
Allowance for returns	(10,271,356)	(30,526,388)
Discounts and rebates	(69,250,191)	(43,186,219)
Net Sales	950,891,394	581,262,087
Other Income	14,042,564	3,610,180
Total Income	\$ 964,933,958	584,872,267

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Laboratorios Grin, S. A de C. V.
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Notes to Financial Statements

(Mexican pesos)

(20) 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 2025	Mar 2024
Raw material	\$ 227,198,263	95,972,363
Salaries and related cost	75,622,361	72,877,895
Maintenance and other	18,554,380	24,652,727
Depreciation and amortization	27,767,596	27,026,497
Insurances	8,671,945	7,715,521
Consultancy	3,271,489	698,159
	\$ 361,086,034	228,943,162

Selling and distribution expenses	Mar 2025	Mar 2024
Salaries and related cost	\$ 106,804,476	87,049,480
Promotional and advertising	30,040,878	43,190,357
Maintenance and other	110,556,705	52,757,729
Sales incentives	17,051,232	20,895,875
Medical samples	6,645,590	8,581,352
Depreciation and amortization	12,106,235	11,039,479
Insurances	5,636,432	4,548,629
Consultancy	1,226,863	7,906,461
Product developments	-	6,600,860
	\$ 290,068,411	242,570,222

Administrative expenses	Mar 2025	Mar 2024
Salaries and related cost	\$ 76,660,694	79,493,218
Consultancy	12,282,256	10,988,396
Maintenance and other	27,820,615	8,000,039
Depreciation and amortization	4,785,822	3,962,875
Insurances	3,936,237	3,955,068
Employee statutory profit sharing	-	4,372,041
Bank charges	160,124	169,023
Products Development	10,288,506	901,291
Deferred ESPS	(3,336,560)	-
	\$ 132,597,694	111,841,951

Research and development expenses	Mar 2025	Mar 2024
Analytical and Development	\$ 12,269,430	622,179
Salaries and related cost	8,949,385	7,665,353
Maintenance and other	9,268,966	908,863
Depreciation	1,191,010	1,201,287
Insurances	576,616	370,968
Consultancy	100,300	-
	\$ 32,355,707	10,768,650

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Notes to Financial Statements

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(21) Contingencies and commitments-

- (a) There is a contingent liability arising from the labor obligations mentioned in note 19.
- (b) The Company is involved in a number of lawsuits and claims arising in the normal course of business. It is expected that the final outcome of these matters will not have significant adverse effects on the Company's financial position and income (loss).
- (c) In accordance with Mexican Income Tax law, the tax authorities have the possibility to raise an audit 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. In this part we have worked to review the points that affect us for tax purposes, proof of this is that the electronic accounting from January to November 2023 was presented to the tax authority.
- (d) In accordance with the Mexican Income Tax Law, companies carrying out transactions with related parties are subject to comply with several requirements to the determination of transfer prices, technical and labor conditions, 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 deductible, at this point, work has been done so that intercompany transactions become deductible and tax withholdings are being reviewed.
- (e) The tax authorities require a preliminary settlement of the credit of certain Income Tax Corporation payments by the Universal compensation method, using the VAT credit for this purpose. As of December 31, 2023, there is a final agreement with the Tax Authorities which was favorable for us. Therefore, there are no economic results for the Company

(22) Recently issued financial reporting standards-

In December 2023 and 2024, the Consejo Mexicano de Normas de Información Financiera y de Sostenibilidad, A. C. (CINIF) issued a document called "2024 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 A-1 Conceptual Framework of Financial Reporting Standards - Becomes effective for years beginning on or after the 1st. January 2025, allowing its early application as of 2024 if the disclosures of the particular FRS applicable to the corresponding type of entity in question are adopted early. It includes the definition of public interest entities and requires disclosure of whether the entity is considered a public interest entity or a non-public interest entity. It divides the disclosure requirements of the FRS into: i) disclosures applicable to all entities in general (public interest entities and non-public interest entities), and ii) additional disclosures mandatory only for public interest entities. Any change that it generates must be recognized in accordance with FRS B-1 *Accounting changes and error corrections*. Management estimates that the adoption of this FRS improvement shall have no significant effects.

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FRS C-6, Property, plant and equipment/FRS D-6, Capitalization of comprehensive financing result/FRS E-1, Agricultural activities - Effective for fiscal years beginning on or after January 1, 2024, allowing early application in 2023. Any changes it generates must be recognized in accordance with FRS B-1 *Accounting changes and error corrections*. This improvement specifies that a producing biological asset could be a qualifying asset as long as it is not ready to start producing (intended use), and the CFR could be capitalized as part of its acquisition cost. Additionally, producing plants and animals are included within the scope of FRS C-6. Management estimates that the adoption of this FRS improvement shall have no significant effects.

FRS B-2, Statement of cash flows/FRS B-6, Statement of financial position/ FRS B-17, Determination of fair value/ FRS C-2, Investment in financial instruments/FRS C-16, Impairment of instruments financial receivable/ FRS C-20, Financial instruments to collect principal and interest/ IFRS 24, Recognition of the effect of the application of the new reference interest rates- Effective for fiscal years beginning on or after January 1, 2024, allowing its early application in 2023. Changes the term financial instruments to collect or sell to financial instruments to collect and sell. Any accounting change it generates must be recognized in accordance with FRS B-1 *Accounting changes and error corrections*. Management estimates that the adoption of this FRS improvement shall have no significant effects.