



S.C.

**GRUPO INTEGRAL DE ASESORIA FISCAL  
Y ADMINISTRATIVA, S. C.**

**LUPIN MEXICO, S.A. DE C.V.**

**AUDITED FINANCIAL STATEMENTS**

**MARCH 31, 2023 Y 2022**

**MARÍA DEL SOCORRO TORRES GARCÍA**

**Certified Public Accountant**



**GRUPO INTEGRAL DE ASESORIA FISCAL  
Y ADMINISTRATIVA, S. C.**

**Report of the Auditors Independent to the shareholders  
of Lupin Mexico, S.A. de C.V.**

**Opinion**

We have audited the accompanying financial statements of Lupin Mexico, SA de CV, which comprehend the statement of financial position as of March 31, 2023 and the comprehensive income statement, changes in stockholders' equity and cash flows corresponding to the period from April 1, 2022 to March 31, 2023, as well as a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present reasonably, in all its important aspects, the financial situation of Lupin Mexico, SA de CV, as of March 31 of 2023, as well as its results and its corresponding cash flows from April 1, 2022 to March 31, 2023, according to the Mexican Financial Information Standards.

**Opinion's Basis**

Our audit was performed according to the International Auditing Standards. Our responsibilities under these standards are described with further details in the "Responsibilities of the auditors in relation to the audit of the financial statements" of our report. We are independent from the Entity according to the Professional Ethics Code of the Instituto Mexicano de Contadores Publicos, A.C., and we have fulfilled our other ethic responsibilities in conformity with these requirements. We consider that the audit evidence we obtained is enough to provide a reasonable basement for our opinion.

**Responsibilities of the management and the govern managers in relation to the financial statements.**

The management of the company responsible of the elaboration and reasonable presentation of the financial statements attached in conformity to the Mexican Financial Information Standards, as well as the inner control that it consider necessary in order to allow the elaboration of financial statements free of significant errors, whether because of fraud or error.

In the elaboration of the financial statements, the management is responsible of evaluating the capacity of the company to continue as a Business in progress, revealing, as appropriate, the related issues, unless the management proposes to liquidate the Company or cease their operations, or if it doesn't have another alternative more realistic to do it.

The govern managers of the Company, are responsible of supervising the elaboration process of the financial reports of the same.

### **Responsibilities of the auditors in relation to the audit of the financial statements**

Our objectives consist of obtaining a reasonable security about whether the financial statements are free of material errors, whether because of fraud or error, and to emit an audit report that contain our opinion. Reasonable security is a high-level security, but is not guarantee that an audit is realized according to International Auditing Standards it will always detect material errors if they exist. Mistakes can surge because of fraud or error and are considered materials if, individually or together, it can be expected reasonably that they will influence the economic decisions of the users, taken on basis of the financial statements.

During the realization of an audit in conformity to the International Auditing Standards, we apply our professional judgment and we maintain an attitude of professional skepticism. Likewise, also:

We identify and evaluate the risks of material misstatement in the financial statements, whether for fraud or error, design and apply audit procedures to respond to those risks, and obtain audit evidence sufficient and adequate to support our opinion. The risk of not detecting a material error resulting from fraud is higher than one resulting from unintentional error, as fraud may involve collusion, forgery, deliberate omissions, intentionally misleading statements or circumvention of internal controls.

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

We evaluate the ownership of the accounting policies applied and the reasonableness of the accounting estimates and the corresponding information disclosed by the Administration.

We evaluate whether it is appropriate for the Administration to use the presumption of business in progress to prepare the financial statements and whether, based on the audit evidence obtained, there is material uncertainty regarding events or conditions that generate significant doubt about the ability to The Company to continue as a going concern. If we conclude that there is material uncertainty, it is required that we draw attention in our audit report to the corresponding information disclosed in the financial statements or, if those disclosures are inadequate, that we express a modified opinion. Our findings are based on the audit evidence obtained so far from our audit report. However, future events may cause the Company to cease to be a going concern.

We evaluate the overall presentation, structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events, making a reasonable presentation. We communicate to the Company's officers, among other matters, the scope and timing of the audit and the significant findings of the audit, as well as any significant deficiencies in internal control that we identified in the course of our audit.

**Grupo Integral de Asesoría Fiscal y Administrativa, S.C.**

**C.P.C. María del Socorro Torres García.**  
**Mexico City**  
**April 27, 2023.**

**LUPIN MEXICO S.A DE C.V.**  
**STATEMENTS OF FINANCIAL POSITION**  
Mexican pesos

	<u>March 31</u>	
	2023	2022
<b>ASSETS</b>		
<b>IN THE SHORT TERM ASSETS</b>		
BANKS	\$ 1,143,844	\$ 1,217,337
VARIOUS DEBTORS (Notes 3b y 4)	838,666	838,666
RESERVE FOR UNBEATABLE ACCOUNTS (Notes 3b y 4)	-838,666	-838,666
TAX TO RETRIEVE (Note 3c)	716,622	706,658
	<u>1,860,466</u>	<u>1,923,995</u>
<b>LONG-TERM ASSETS</b>		
INVESTMENT IN SHARES (Note 5)	2	2
FURNITURE AND EQUIPMENT (Notes 3d y 6)	50	352
	<u>52</u>	<u>354</u>
<b>TOTAL ASSETS</b>	<u><b>1,860,518</b></u>	<u><b>1,924,349</b></u>
<b>PASSIVE</b>		
<b>PASSIVE IN A SHORT TIME</b>		
SUPPLIER	11,874	20,163
<b>TOTAL PASSIVE</b>	<u>11,874</u>	<u>20,163</u>
<b>STOCKHOLDERS EQUITY</b>		
SHARE CAPITAL (Notes 3f y 7)	11,329,300	11,329,300
LOSSES PREVIOUS YEARS	-9,425,114	-9,382,402
RESULT FOR THE YEAR	-55,542	-42,712
	<u>1,848,644</u>	<u>1,904,186</u>
<b>TOTAL PASSIVE PLUS CAPITAL</b>	<u><b>\$ 1,860,518</b></u>	<u><b>\$ 1,924,349</b></u>

FINANCIAL STATEMENTS AUTHORIZED FOR ISSUE APRIL 10, 2023

**DR. LUIS GUILLERMO CORTES PELÁEZ**  
**MANAGING DIRECTOR**

**LUPIN MEXICO S.A DE C.V.**  
**COMPREHENSIVE INCOME STATEMENTS**  
**Mexican pesos**

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	<b>2023</b>	<u><b>March 31</b></u>	<b>2022</b>
SALES	\$	0	\$ 0
OPERATING EXPENSES		55,542	42,712
<b>RESULT FOR THE YEAR</b>	<b>\$</b>	<u><b>-55,542</b></u>	<u><b>\$ -42,712</b></u>

**FINANCIAL STATEMENTS AUTHORIZED FOR ISSUE APRIL 10, 2023**

**DR. LUIS GUILLERMO CORTES PELÁEZ**  
**MANAGING DIRECTOR**

**LUPIN MEXICO S.A DE C.V.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY**  
**Mexican pesos**

	SHARE CAPITAL	ACCUMULATED RESULTS	RESULT FOR THE YEAR	STOCKHOLDERS EQUITY
BALANCES AT MARCH 31, 2021	\$ 11,329,300	\$ -9,338,189	\$ -44,213	\$ 1,946,898
TRANSFER OF RESULT FOR THE PERIOD 1 APRIL 2020 TO 31 MARCH 2021		-44,213	44,213	0
LOSS IN THE PERIOD 1 APRIL 2021 MARCH 31, 2022			-42,712	-42,712
<b>BALANCES AT MARCH 31, 2022</b>	<b>\$ 11,329,300</b>	<b>\$ -9,382,402</b>	<b>\$ -42,712</b>	<b>\$ 1,904,186</b>
TRANSFER OF RESULT FOR THE PERIOD 1 APRIL 2022 TO 31 MARCH 2023		-42,712	42,712	0
LOSS IN THE PERIOD 1 APRIL 2022 MARCH 31, 2023			-55,542	-55,542
<b>BALANCES AT MARCH 31, 2023</b>	<b>\$ 11,329,300</b>	<b>\$ -9,425,114</b>	<b>\$ -55,542</b>	<b>\$ 1,848,644</b>

**FINANCIAL STATEMENTS AUTHORIZED FOR ISSUE APRIL 10, 2023**

**DR. LUIS GUILLERMO CORTES PELÁEZ**  
**MANAGING DIRECTOR**

**LUPIN MEXICO S.A DE C.V.**  
**STATEMENTS OF CASH FLOWS**  
Mexican pesos

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	<u>March 31</u>	
	2023	2022
<b>OPERATING ACTIVITIES</b>		
RESULT FOR THE YEAR	\$ -55,542	\$ -42,712
ITEMS THAT DID NOT REQUIRE USE OF CASH		
DEPRECIATION	302	302
RESULT OF OPERATION	<u>-55,240</u>	<u>-42,410</u>
(INCREASE) TAX TO RETRIEVE	-9,964	-6,920
INCREASE (DECREASE) DEBTS TO PAY	<u>-8,289</u>	<u>- 837</u>
	<u>-18,253</u>	<u>-7,757</u>
NET CASH FLOWS OPERATING ACTIVITIES	<u>-73,493</u>	<u>-50,167</u>
DECREASE IN CASH	<u>-73,493</u>	<u>-50,167</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,217,337	1,267,504
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,143,844</u>	<u>\$ 1,217,337</u>

**FINANCIAL STATEMENTS AUTHORIZED FOR ISSUE APRIL 10, 2023**

**DR. LUIS GUILLERMO CORTES PELÁEZ**  
**MANAGING DIRECTOR**



**LUPIN MEXICO, S.A. DE C.V.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2023 AND MARCH 31, 2022**  
**Figures expressed in Mexican pesos**

**Note 1 - Activity of the Company**

The Company was incorporated on August 17, 2010, its main activity marketing in general, manufacture, sale, distribution, export, import and purchase of all kinds of chemicals, pharmaceutical chemistry, analytical chemical reagents, reagents for clinical diagnosis, bacteriological reagents, insecticides, cosmetics and the like, as well as the purchase of equipment for clinical and laboratory use.

**Note 2 - Authorization and Bases of preparation**

Authorization of financial statements:

The accompanying financial statements and notes were authorized for issuance on April 10, 2023, by Dr. Luis Guillermo Cortes Peláez, Managing Director.

In accordance with the General Law of Mercantile Companies (LGSM), the financial statements are subject to the approval of the Ordinary Shareholders' Meeting of the Company; and they can be modified after their issuance if they so decide.

Mexican Financial Reporting Standards (NIF)

The accompanying financial statements as of March 31, 2023 and March 31, 2022 fully comply with the provisions of the Financial Information Standards (NIF), issued by the Mexican Council of Financial Information Standards (CINIF). The NIF establish that the International Financial Reporting Standards (IFRS), International Accounting Standards (NIC), Interpretations to the International Financial Reporting Standards (INIIF) and the interpretations committee are additionally part of the NIF, when the absence of NIF requires it.

As of July 1, 2004, the CINIF replaced the accounting principles commission of the Mexican Institute of Public Accountants, A.C. as issuing body of accounting regulations.

On January 1, 2008, NIF B-2 "Statement of Cash Flows" came into force, which eliminates bulletin B-12 "Statement of changes in financial position" and establishes the issuance of the statement of cash flows as mandatory. determined based on nominal values of monetary and non-monetary items, without including inflation effects. The company uses the indirect method to prepare the Cash Flow Statement.

Reporting, functional and reporting currency

Pursuant to the provisions of NIF B-15, the Company has identified the following currencies:

<u>Type</u>	<u>Currency</u>
Registration	Mexican Peso
Functional	Mexican Peso
Report	Mexican Peso

## Effects of inflation on financial information

Under the provisions of MFRS B-10 "Effects of inflation", from January 1, 2008, the Mexican economy is in a non-inflationary environment, when cumulative inflation of the last three years below 26 % (maximum limit to define that an economy should be considered as inflationary), therefore, from that date recognizing the effects of inflation on financial information was suspended. Consequently, the figures as of March 31, 2023 and March 31, 2022 of the accompanying financial statements are presented in historical pesos.

### **Note 3 - Summary of significant accounting policies**

The following significant accounting policies are summarized more, which have been applied consistently in the years presented, unless otherwise specified.

IFRS require the use of certain accounting estimates in the preparation of financial statements. It is also requires management to exercise its judgment to define the accounting policies applied by the Company.

#### **a. Cash and cash equivalents**

Cash and cash equivalents include bank deposits with low risk for changes in value.

#### **b. Accounts receivable**

Accounts receivable represent amounts due from third parties for services not received. (See Note 4).

#### **c. Taxes in favor**

This account represents the amount in favor of the Company for federal and / or local contributions, such amounts are recognized from the date of the statements. As of March 31, 2023 and March 31, 2022 the balance of this account relates to Value Added Tax Recoverable.

#### **d. Furniture and equipment**

The acquisition cost decreased furniture and equipment residual value is depreciated systematically using the straight-line method based on the useful lives of the components of furniture and equipment; for this purpose, the rate of 10% established in the ISR law applies. (See Note 6).

#### **e. Debts to pay**

This item includes liabilities for purchases of goods or services purchased in the normal course of operations of the Company. When it is expected to pay them over a period of one year or less from the date of closing, they are presented in short-term liabilities. Failure to meet the above are presented in long-term liabilities.

#### **f. Stockholders' equity**

This item for capital and retained earnings is integrated, which are stated at their historical value. (See Note 7).

#### **g. Comprehensive Income Statement**

The Company presents the comprehensive result in a single statement that includes only the items that make up the net profit or loss and is called the "Comprehensive Income Statement", because during the fiscal year and the immediately preceding fiscal year that is presented for comparative purposes, the Company did not generate Other Comprehensive Results (ORI).

**h. Presentation of costs, expenses and other items in the statement of comprehensive income**

The Company presents costs and expenses in the statement of comprehensive income under the classification criterion based on the function headings, which has as its central feature separate cost of sales of other costs and expenses. In addition, for a better analysis of your financial situation, the company has considered necessary to the amount of operating income separately in the statement of comprehensive income, because such information is a common practice in the industry to which the Company belongs.

**i. Revenue recognition**

During the period from April 1, 2022 to March 31, 2023 the company did not obtain own income from its operation.

**j. Income taxes**

In accordance with the provisions of the Financial Reporting Standards, NIF D-4, the Company has the obligation to recognize in its records the Deferred Income Tax on the tax losses pending amortization; likewise, IAS 12 (International Accounting Standard) establishes: "An asset for deferred taxes should be recognized, provided that they can be offset, with fiscal gains of subsequent periods, losses or tax credits not used so far, but only to the extent in which the availability of future tax profits is likely, against which to charge those losses or unused tax credits.

As mentioned in the previous paragraph, and because the Company has not obtained its own income in recent years, there is the uncertainty of obtaining future tax profits that are the basis of such tax, for this reason Deferred Income Tax is not recognized.

**Note 4 - Accounts receivable**

As of March 31, 2023, and March 31, 2022, this item represents the balance receivable from Avant Sante Research Center, S.A. de C.V. for services of clinical analysis paid during the year 2014, which were not provided. On January 27, 2016 credit note is generated for Lupin Mexico, S.A. de C.V. for this concept.

In March 2018, the Company created a reserve for uncollectible accounts due to the age of said balance.

**Note 5 - Investment in Shares**

The Company owns 2 (two) shares of the capital stock of Laboratorios Grin, S.A. of C.V. with a nominal value of \$ 1.00 (One peso 00/100 M.N.) each; this shareholding is minimal, since the total capital of the subsidiary company amounts to \$ 187,000,000.00 (one hundred and eighty seven million pesos 00/100 M.N.); for this reason there is no update of the value of these shares.

**Note 6 - Furniture and equipment**

	<u>March 31</u>	
	<u>2023</u>	<u>2022</u>
Acquisition Cost	\$3,017	\$3,017
Accumulated depreciation	2,967	2,665
Total Neto	<u>\$ 50</u>	<u>\$ 352</u>

Depreciation recorded in the income statement is recognized in operating expenses.

## Note 7 - Stockholders' equity

As mentioned in Note 1, the Company was incorporated on August 17, 2010, and its capital of constitution the amount of \$ 50,000.00 (Fifty thousand pesos / 100 pesos).

As of March 31, 2023 and March 31, 2022, the capital stock is integrated as follows:

Number of Actions	Description	Amount
500	Common shares of Series "A" representing the fixed capital	\$ 50,000
22,226	Common shares of Series "B 1" representing variable capital	2,222,600
25,231	Common shares of Series "B 2" representing variable capital	2,523,100
65,336	Common shares of Series "B 3" representing variable capital	6,533,600
<b>113,293</b>		<b>\$ 11,329,300</b>

The capital stock is fully subscribed and paid by its shareholders Nanomi B.V. (113,292 shares) and Laboratorios Grin, S. A. de C. V. (1 share).

The profit for the year is subject to the legal provision that requires that at least 5% of the amount of each year be allocated to increase the legal reserve until it is equal to one fifth of the amount of paid capital stock

In case of a capital reduction, the procedures established by the Law of Income Tax (Income Tax Law) have to be given to any excess of stockholders' equity over the capital contributions the same tax treatment as applicable to dividends

## Note 8 - Income taxes

Income taxes incurred during the year are determined in accordance with current tax provisions, which are presented and classified in the results of the period.

As shown in the income statement, the Company has not obtained income in the periods ended March 31, 2023 and March 31, 2022, therefore the results obtained are tax losses.

The fiscal and accounting loss obtained during the fiscal year from January 1 to December 31 differs mainly due to the effect of the inflationary adjustment and the deduction of investments.

As of December 31, 2022 and December 31, 2021, the results obtained are as follows:

	2022	2021
Accounting Loss	\$ 59,718	\$ 34,742
Deductible inflation adjustment	213,511	204,780
Investment tax deduction	451	418
Investment accounting deduction	(302)	(302)
Expenses that do not meet tax requirements	(952)	0
Tax Loss	<u>\$ 272,426</u>	<u>\$ 239,639</u>

## Note 9 – Other Tax Information

The company shows the following tax information in the annual declaration corresponding to the fiscal years of the periods January 1 to December 31, 2022 and January 1 to December 31, 2021.

	2022	2021
Accumulated Tax losses	\$ 12,562,041	\$10,657,384
Contribution Capital Account	\$ 17,343,804	\$16,087,380
Profit Coefficient to be applied in subsequent years	0.0000	0.0000

The amount of tax losses pending amortization as of December 31, 2022 corresponds to the period from 2012 to 2021. In accordance with the provisions of article 57 of the Income Tax Law, during the year 2023 the fiscal loss corresponding to fiscal year 2012, amounting to \$3,747,994; since said ordinance establishes that "The fiscal loss that occurred in one fiscal year may be reduced from the fiscal utility of the following ten fiscal years until it is exhausted."

## Note 10 – New accounting pronouncements and improvements to NIF

The Mexican Council of Financial Information Standards, A.C. (CINIF) has issued the NIF and Improvements mentioned below.

Into force for the years beginning on January 1, 2022 and allows early adoption. Bulletin C-15 "Impairment in the value of long-lived assets" and its disposition are null and void. Accounting changes due to their initial application must be recognized based on the prospective method. The main changes they present are:

1. Adds new examples of indications to assess whether there is impairment, and separates them into external sources of information, internal sources of information and applicable to investments in subsidiaries, associates or joint ventures;
2. Changes the requirement to use a net sale price for that of fair value, less disposal costs to carry out impairment tests;
3. Establishes the option of using estimates of future cash flows and a discount rate, in real terms;
4. Incorporates standards for the treatment of future cash flows in foreign currency in determining the recoverable amount;
5. Modifies NIF C-8 "Intangible Assets", to indicate that the allocation of goodwill must be made at the cash generating unit (CGU) level that is expected to benefit from the synergy of business acquisition;
6. Eliminates the calculation of impairment through the perpetual value of intangible assets with an indefinite useful life, modifying the impairment test.

In September 2021, the CINIF issued the document "Improvements to NIF 2022", which contains specific modifications to some existing NIFs. The main improvements that generate accounting changes are the following:

**NIF D-3 "Employee Benefits".-** The effects on the determination of the deferred Employee Profit Sharing (PTU) are considered, derived from the changes in the determination of the PTU caused by the decree published on April 23, 2021 by the Federal Government. This improvement enters into force for fiscal years beginning on or after January 1, 2022, allowing its early application on January 1, 2021. Accounting changes that arise must be recognized prospectively as established in NIF B-1 "Changes accounting and error corrections.

**NIF B-1 "Accounting changes and error corrections".-** Eliminates the requirement to disclose pro forma information when a change occurs in the structure of the economic entity. This improvement enters into force for fiscal

years beginning on or after January 1, 2022, allowing its early application on January 1, 2021. Accounting changes that arise must be recognized prospectively as established in NIF B-1 "Changes accounting and error corrections.

**NIF B-10 "Effects of Inflation".-** Modifies the disclosure requirement when the entity operates in a non-inflationary economic environment to limit that they are made when the entity considers it relevant. This improvement enters into force for fiscal years beginning on or after January 1, 2022, allowing its early application on January 1, 2021. Accounting changes that arise must be recognized prospectively as established in NIF B-1 "Changes accounting and error corrections.

**NIF C-6 "Property, plant and equipment".-** Eliminates the requirement to disclose the time in which constructions in progress are planned to be carried out, when there are approved plans for these. This improvement enters into force for fiscal years beginning on or after January 1, 2022, allowing its early application on January 1, 2021. Accounting changes that arise must be recognized prospectively as established in NIF B-1 "Changes accounting and error corrections.

**DR. LUIS GUILLERMO CORTES PELÁEZ**  
**MANAGING DIRECTOR**

These notes are an integral part of the financial statements of Lupin Mexico, S. A. de CV as of March 31, 2023 and March 31, 2022.