

**GLENMARK PHARMACEUTICALS
MEXICO, S. A. de C. V.**

(A Subsidiary of Glenmark Pharmaceuticals,
Ltd.)

Financial Statements for the Years Ended March 31,
2024 and 2023 and Independent Auditors' Report



INDEPENDENTS AUDITORS' REPORT

To the Board of Directors and Shareholders of Glenmark Pharmaceuticals México, S.A. de C.V.:

Opinion

We have audited the financial statements of Glenmark Pharmaceuticals Mexico, S.A. de C.V., (the "Company"), which comprise the balance sheets as of March 31, 2024 and 2023, and the statements of income, statements of changes in stockholders equity and statements of cash flows for the years then ended, and the related notes to the financial statements and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis of opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). 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 ethical requirements applicable to our audit of financial statements in Mexico for the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IMCP Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis paragraph

Auditing core issues are those issues that, according to our professional judgement, have had a greater relevance in our audit of the financial statements for the current term. These issues have been treated in the context of our audit of the financial statements altogether and in the preparation of our opinion thereon, and we do not express a separate opinion about these issues.

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 IFRS, and for such internal controls 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 auditor's 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 the financial statements.



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

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

Obtain and 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 auditor's 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 auditor's 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 the internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Further Issues

The accompanying financial statements have been prepared to allow its Parent Company, Glenmark Pharmaceuticals, Ltd. to consolidate its financial statements.

Asesores Profesionales, Contadores Públicos Consultores, S.C.

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned below the company name.

L.C.C. Rafael Arenas Hernández
México City
April 21, 2024.

GLENMARK PHARMACEUTICALS MÉXICO, S. A. DE C. V.
(A Subsidiary of Glenmark Pharmaceuticals, Ltd.)

BALANCE SHEETS
AT MARCH 31, 2024 AND 2023
(In Mexican pesos)

ASSETS	Notes	2024	2023
CURRENT ASSETS:			
Cash and cash equivalents	3	\$ 178,547,958	\$ 88,954,185
Accounts receivables:			
Customers		96,551,964	49,316,688
Parent company	6	1,019,171	1,104,716
Recoverable taxes		14,767,118	11,573,303
Advance payments		<u>3,721,899</u>	<u>3,378,769</u>
		<u>116,060,152</u>	<u>65,373,476</u>
Inventories	4	<u>51,577,642</u>	<u>40,605,298</u>
Total current assets		346,185,752	194,932,959
 EQUIPMENT –	5	1,904,832	2,009,802
RIGHT TO USE ASSETS –		20,802,520	4,354,071
DEFERRED INCOME TAX ASSETS	9	9,978,551	41,317,791
INTANGIBLE ASSETS	7	<u>27,547,428</u>	<u>32,221,814</u>
 TOTAL		<u>\$ 406,419,083</u>	<u>\$ 274,836,437</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Trade accounts payable		\$ 39,889,394	\$ 24,471,870
Related parties	6	136,389,702	35,266,276
Taxes payable		<u>2,852,523</u>	<u>3,247,763</u>
Total current liabilities		179,131,619	62,985,909
 EMPLOYEE RETIREMENT OBLIGATIONS –	8	10,507,006	7,336,295
LEASE LIABILITY – Non current	11	<u>21,496,478</u>	<u>4,354,071</u>
Total Liabilities		211,135,103	74,676,275
STOCKHOLDERS' EQUITY:			
Common stock	7	404,975,502	404,975,502
Contributions for future capital increase		24,124,042	24,124,042
Accumulated loss		(230,008,048)	(250,494,808)
Net (loss) income		<u>(3,807,516)</u>	<u>21,555,426</u>
Total stockholders' equity		<u>195,283,980</u>	<u>200,160,162</u>
 TOTAL		<u>\$ 406,419,083</u>	<u>\$ 274,836,437</u>

See accompanying notes to financial statements.



L.C. Catalino Bocanegra Gómez
Controller

GLENMARK PHARMACEUTICALS MÉXICO, S. A. DE C. V.
(A Subsidiary of Glenmark Pharmaceuticals, Ltd.)

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023
(In Mexican pesos)

	Note	2024	2023
REVENUES:			
Net sales		\$ 451,823,866	\$366,977,535
Others			<u>222,736</u>
		<u>451,823,866</u>	<u>367,200,271</u>
COSTS OF SALES		169,661,992	144,516,438
GROSS PROFIT		282,161,874	222,683,833
GENERAL EXPENSES		<u>246,944,201</u>	<u>200,208,621</u>
OPERATING INCOME		35,217,673	22,475,212
NET FINANCING (INCOME) COST:			
Interest expense - net		8,366,788	4,286,108
Bank commissions		593,002	46,561
Foreign exchange loss (gain) -net		<u>(1,731,840)</u>	<u>(1,838,252)</u>
Total cost of financing		<u>7,227,950</u>	<u>2,494,417</u>
INCOME BEFORE PROVISIONS		27,989,723	19,980,795
Expense(Benefit) on deferred income tax	9	<u>31,797,239</u>	<u>(1,574,631)</u>
NET (LOSS) INCOME		<u>\$ (3,807,516)</u>	<u>\$21,555,426</u>

See accompanying notes to financial statements



L.C. Catalino Bocanegra Gómez
Controller

GLENMARK PHARMACEUTICALS MÉXICO, S. A. DE C. V.
(A Subsidiary of Glenmark Pharmaceuticals, Ltd.)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023
(In Mexican pesos)

	Common Stock	Contributions for future capital increase	Accumulated Loss	Total Stockholders Equity
BALANCES AS OF APRIL 1, 2022	\$ 404,975,502	\$24,124,042	\$(250,628,793)	\$ 178,470,751
Net income			21,555,426	21,555,426
Other comprehensive income			133,985	133,985
BALANCES AS OF MARCH 31, 2023	404,975,502	24,124,042	(228,939,382)	200,160,162
Net loss			(3,807,516)	(3,807,516)
Other comprehensive loss			(1,068,666)	(1,068,666)
BALANCES AS OF MARCH 31, 2024	<u>\$ 404,975,502</u>	<u>\$24,124,042</u>	<u>\$(233,815,564)</u>	<u>\$195,283,980</u>

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GLENMARK PHARMACEUTICALS MÉXICO, S. A. DE C. V.
(A Subsidiary of Glenmark Pharmaceuticals, Ltd.)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023
(In Mexican pesos)

	2024	2023
OPERATING ACTIVITIES:		
Income before provisions	\$ 27,989,723	\$19,980,795
Items related to operating activities:		
Depreciation and amortization	13,484,293	1,322,674
Items related to financing activities:		
Interest expense	<u>12,278,246</u>	<u>4,286,108</u>
	25,762,539	5,608,782
Changes in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(50,686,676)	5,246,122
(Increase) Decrease in inventory	(10,972,344)	493,026
Increase in accounts payable	15,417,524	22,307,326
Decrease in related parties	101,123,426	(45,935,287)
(Decrease) Increase in taxes	(395,240)	834,651
Increase in Employee retirement obligations	3,170,711	1,132,782
Increase in other liabilities	<u>17,142,407</u>	
Net cash flows from operating activities	<u>128,552,070</u>	<u>9,668,197</u>
INVESTING ACTIVITIES:		
Purchases of equipment	(674,068)	(524,292)
Right to use assets	(31,843,155)	
Intangible assets	<u>5,898,700</u>	<u>(7,431,966)</u>
Net cash flows used in investing activities	<u>(26,618,523)</u>	<u>(7,956,258)</u>
FINANCING ACTIVITIES:		
Interest paid	<u>(12,278,246)</u>	<u>(4,286,108)</u>
Net cash flows from financing activities	<u>(12,278,246)</u>	<u>(4,286,108)</u>
Increase (decrease) in cash and cash equivalents	89,655,301	(2,574,169)
Cash and cash equivalents at beginning of year	<u>88,954,185</u>	<u>91,528,325</u>
Cash and cash equivalents at end of the year	<u>\$178,547,958</u>	<u>\$88,954,185</u>

L.C. Catalino Bocanegra Gómez
Controller

GLENMARK PHARMACEUTICALS MÉXICO, S. A. DE C. V.
(A Subsidiary of Glenmark Pharmaceuticals, Ltd.)

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023
(In Mexican pesos)

NATURE OF BUSINESS, BASIS OF PRESENTATION, AND MANAGEMENT

A) Line of Business.

Glenmark Pharmaceuticals México, S.A. de C.V. (the "Company"), was incorporated on August 21, 2008, in Mexico City and is a subsidiary of Glenmark Pharmaceuticals Ltd., the latter being the holding company. The main purpose of the company is the import, distribution and commercialization of pharmaceutical products, of the following therapeutic lines: Dermatological, Respiratory, Hospitalary and Oncological.

B) Management Plan.

The Company has plans to continue growing and generating profits, through the penetration of our current portfolios and the new launches of generic and innovative medicines, as well as through product licensing:

- Focus efforts on products with the highest volume and profitability in each of the therapeutic areas.
- Reinforce the position of Dirnelid AZ, and continue with Misdapre as number one in the market
- Market launch of the products: Ryaltris in the respiratory area and Micropal in dermatological areas, as well as Abiraterona in the oncology area.
- Increasing sales through the growth of the four product portfolios, by means of an efficient promotion of our products to physicians, as well as the growth and opening of new distribution channels;
- Take advantage of opportunities in the institutional market by participating in tenders with our oncology products mainly.
- Continue with the optimal management of operating expenses and assertiveness in the investment of new products; as well as continuous improving our EBIT and cash flow.
- Accelerating the submission and approval processes for new products in the oncological, respiratory, dermatological and hospital areas;
- Successfully introducing new products, making larger investments on scientific and academic content, as well as creating demand through medical facilities and ensuring the presence of our products in key sales points throughout the country.



C) Goals Reached

- Outstanding growth in respiratory area +30% mainly with Dirnelid Az; Misdapre and Acnipop
- It will be improved to win the tenders in which they competed with oncology and hospital products in which they participated contributing a significant percentage of the growth generated;
- Total net sales grew 25% over the last year. Next year, sales are planned to grow over 28%, including new products and improving the performance of existing products included in the promotion, as well as in the distribution channels and sales points, as;
- In general the Company had growth at double digit in the main indicators including sales, but also EBIT and cash flows.

Basis of Presentation

The Company prepares financial statements in compliance with the International Financial Reporting Standards (IFRS). Such standards demand consistent provision and implementation of accounting policies for transactions and occurrences. Outlined in note 2 are those policies considered particularly significant.

Translation into English of the financial statements – The accompanying financial statements have been translated from Spanish into English for use outside of Mexico. These financial statements are presented on the basis of International Financial Reporting Standards (“IFRS”).

Recognize of the effects of the inflation - The Company prepares its financial statements based on historical costs; Consequently, they do not recognize the cumulative effects of inflation on non-monetary items recognized in the financial information as of December 31, 2007 (the last year in which an inflationary economic environment is considered) as required until that year. To date, the effects of inflation are not considered material in the financial statements taken as a whole.

Costs and expenses shown in the Statement of Results are presented in accordance with their function, given that this classification allows the pertinent assessment on the gross income.

Leases - The main aspects that are considered are:



(a) a lease is a contract which transfers to the lessee or the right to use an asset for a specified period of time or in exchange for a contract, so it is necessary to assess, at the beginning of the contract, whether the right to control the use of an identified activity for a given period of time is obtained; (b) nature has changed. By replacing the expense for operating income in accordance with NIIF 16 Leases, by a depreciation or amortization of the rights of use on the assets and an expense for interest on the liabilities for leases in the financing result.

Comprehensive income - This is the modification of stockholders' equity during the year for items that are not capital contributions, reductions and distributions; it is made up of the net profit (loss) for the year plus other items that represent a gain or loss for the same period, which are presented directly in stockholders' equity without affecting the income statement. The Company's other comprehensive income (loss) primarily consists of unrealized gains and losses on cash flow hedges and unrealized gains and losses on retirement-related benefits obligations.

Use of estimates - The preparation of these financial statements in agreement with the IFRS requires the management of the Company to make certain estimates and use certain assumptions to value some of the items of the financial statements and to make the disclosures contained therein. The management of the Company, applying the preliminary judgment, considers that the estimates and assumptions used were appropriate in the circumstances. The results could differ from those estimates.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies, as followed by the Company and in compliance with the IFRS, are as follow:

A) *Cash and cash equivalents* - All highly liquid debt and money market instruments purchased with and original maturity of three months included. These includes cash on hand, banks deposits and other highly liquid investments with immediate availability, with minor risk due to changes in their fair value.

B) *Accounts Receivable and Revenue Recognition* - Accounts receivable represent amounts payable by customers and originate from the sale of goods during the normal flow of their operations. Revenue is recognized in the term in which the risks and benefits are transferred from the inventories to the customers.

C) *Inventories* - Inventories consists merchandise held for resale. The Company reports inventories at the lower of cost or net realizable value, and their cost of sales are expressed in their historical value, determined by the average cost method. The specified value of the inventories, of their net realizable value.



D) *Prepaid expenses* – Prepaid expenses represent those expenditures made by the Company where the benefits and risks inherent in the goods to be acquired or the services to be received have not been transferred. Once the goods and/or services relating to advance payments have been received, they must be recognized as an asset or as an expense in the income statement for the period, depending on the respective nature.

E) *Equipment and Leasehold improvements* - Equipment are recorded at acquisition cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of assets in both years as follows:

	Years
Computer equipment	3
Vehicles	4
Furniture and equipment	10
Leasehold improvements	20

D) *Leases* - Leases are classified as finance leases, provided that the terms of the lease substantially transfer all the risks and benefits inherent to the ownership of the asset leased to the Company. All the other leases are classified as operative.

The rights over the assets held in finance leases are recognized as assets of the Company at the fair value of the leased property (or, if lower, at the present value of the minimum lease payments) at the beginning of the lease. The corresponding liability with the lessor is included in the statement of financial position as a financial lease obligation. The lease payments are divided between financial charges and reduction of the lease obligation, in order to achieve a constant interest rate on the remaining balance of the liability. Financial charges are deducted over the results. Assets held in financial leases are included as property, plant and equipment, and the depreciation and evaluation of impairment losses are carried out in the same way as for the assets owned by the Group. Income tax payable from operative leases are charged to the results on a linear basis for the term of the corresponding lease.

F) *Intangible assets* – Currently all of the Company’s intangible assets are subject to amortization and are amortized based pattern of their economic consumption or on a straight-line method basis over their estimated useful lives.

The Company reviews intangible assets for impairment at an asset group level whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable.

G) *Liabilities, provisions, contingent liabilities and commitments*



The liabilities for provisions are recognized for current obligations (legal or assumed) as a result of a past event, are probable to result in the future use of economic resources and that can be reasonably estimated. The provisions for contingent liabilities are only recognized when there is a probable output of economic resources for their cancellation. As well, commitments are only recognized when they generate a loss.

H) Benefits to the employees -

Severance payments- The Federal Labor Law establishes the obligation to pay severance payments to the personnel that stop rendering their services in certain circumstances.

Seniority premium – According to the provision of the Federal Labor Law, when an employee has worked fifteen years or more, when leaving their job they must receive a compensation equivalent to twelve salary days for each year worked

The liabilities due to employee benefits granted by the Company are determined as follows:

-The liabilities for direct short-term benefits, are recognized as these are incurred, based on the current salaries, expressed at their nominal value. As of March 31, 2024 and 2023 there are no direct long-term benefits.

-The liabilities due to the retirement and termination of the labor relation before reaching retirement age are determined by considering the present value of the obligation due to benefits defined as of the date of the general balance sheet. The remuneration included in the determination of these liabilities correspond to severance indemnities and seniority premium attributable to death, disability, severance and voluntary withdrawal before retirement date, all of these determined in accordance with the applicable labor provision.

-The cost of the severance and retirement benefits is determined on the basis of actuarial calculations prepared by independent experts.

- Other payments based on seniority of employment or death, in accordance with the Federal Labor Law, will be charged to the expenses of the year, when these are due.

I) Employee profit sharing (PTU) – The distribution percentage of PTU is 10%. If the PTU caused that was determined by applying the distribution percentage of 10% on the base tax profit is greater than the sum of the PTU assigned to each and every one of the employees, the latter must be considered the PTU caused for the period, and based on the Federal Labor Law (LFT) it is considered that the difference between both amounts does not generate current or future payment obligations

J) Income tax -

Current - Pursuant to the provisions in force established in the IFRS NIC-12 “Income Tax”, the incurred tax determined on the basis of the tax provisions in force is recorded in the income for the year to which it is attributable. The income tax caused in the year, is presented as a short-term liability net payments carried out during the year.



Deferred - The deferred income tax are determined on the method of the assets and liabilities, which consists of comparing the accounting and tax values of the assets and liabilities of the entity, from which both deductible and accruable temporary differences arise. The respective tax rate is applied to all the resulting temporary differences and they are recognized as a deferred asset or liability. The Company recognized the deferred income tax asset, whenever the financial and tax projections prepared by the Company show that they will essentially pay income tax in the future.

K) Foreign currency transactions - The recognition of operations and balances in foreign currency are valued at the exchange rate in effect on the date of execution. Assets and liabilities are expressed at the exchange rate at the balance sheet date. The exchange differences arising from fluctuations in the exchange rate between the date on which the transactions were carried out and those of settlement or valuation at the date of the balance sheets, are recorded within the comprehensive financing result.

NOTE 3 CASH AND CASH EQUIVALENTS

A of March 31, 2024 and 2023, cash and cash equivalents consists of the following:

	2024	2023
Banks deposits	\$ 147,300,849	\$ 76,394,124
Temporary investments	<u>31,247,109</u>	<u>12,560,061</u>
	<u>\$ 178,547,958</u>	<u>\$ 88,954,185</u>

NOTE 4 INVENTORIES

As of March 31, 2024 and 2024 this heading was as follows:

	2024	2023
Finished goods	\$ 34,327,296	\$ 39,541,176
Goods in transit	<u>17,250,346</u>	<u>1,064,122</u>
	<u>\$ 51,577,642</u>	<u>\$ 40,605,298</u>

NOTE 5 EQUIPMENT AND LEASEHOLD IMPROVEMENTS

As of March 31, 2024 and 2023 this heading was as follows:



	2024	2023
Office equipment	\$ 612,889	\$ 612,889
Computer equipments	4,239,330	3,857,472
Vehicles	151,888	151,888
Machinery and equipment	446,108	446,108
Software	2,254,750	1,962,540
Leasehold improvements	1,075,743	1,075,743
Operating lease right of use assets	<u>32,892,671</u>	<u>7,738,881</u>
	41,673,379	15,845,520
Accumulated depreciation and amortization	<u>(18,966,026)</u>	<u>(6,096,838)</u>
	<u>\$22,707,353</u>	<u>\$ 9,748,682</u>

NOTE 6 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As of March 31, 2024 and 2023, balances and transactions with related parties were as follows:

a) Balances:

	2024	2023
Accounts receivable		
Glenmark Pharmaceuticals, Ltd.	\$ 1,019,171	\$ 1,104,716
Accounts payable:		
Glenmark Pharmaceuticals, Ltd. (India)	\$ 136,242,449	\$ 32,053,609
Glenmark Generics, S.A. (Argentina)	553,643	3,171,315
Glenmark Farmaceutica, Ltda (Brazil)	444,540	
Glenmark Pharmaceuticals Europe, Ltd.	<u>38,150</u>	<u>41,352</u>
	<u>\$ 137,278,782</u>	<u>\$ 35,266,276</u>

b) Related party transactions conducted in the ordinary course of their business were as follows:

	2024	2023
Glenmark Pharmaceuticals, Ltd.	\$ 137,327,513	\$ 75,325,272
Glenmark Generics, S.A.	\$ 9,322,023	\$ 22,460,189
Glenmark Farmaceutica, Ltda.	\$ 3,257,859	\$ 3,577,823



NOTE 7 EMPLOYEE BENEFITS OBLIGATIONS

Employee benefit obligations have been established for the end of the labor relation and due to retirement for reasons other than restructuring. Benefit plans for the end of the labor relation consider severance indemnities (including accrued seniority premium) and which will not reach the separation or retirement plan benefits.

The retirement benefit obligation consider the years of service by the employee and his/her remuneration as of the date of separation or retirement. The retirement benefits include severance and seniority premium that workers are entitled to receive at the end of the labor relation, as well as other defined benefits. The valuation of both benefit obligations was made on the basis of actuarial calculations carried out by independent experts. The benefit obligation and the plan assets for the years ended March 31, 2024 and 2023 are shown below:

	Legal Indemnity	Seniority Premium	Total
Defined Benefit Obligation as of March, 31, 2023	\$5,995,026	\$1,341,268	\$7,336,294
Current service cost	\$689,339	\$268,705	\$958,044
Interest cost	\$560,862	\$125,144	\$686,006
Actuarial Loss (Gain)	<u>\$1,342,896</u>	<u>\$183,766</u>	<u>\$1,526,662</u>
Defined Benefit Obligation as of March, 31, 2024	<u>\$8,588,123</u>	<u>\$1,918,883</u>	<u>\$10,507,006</u>

Detail of the Other comprehensive income for the year ended March 31, 2024 are shown below:

	Amount
OCI at beginning of the year	\$4,699,241
Other comprehensive loss	-\$1,526,661
Tax	<u>\$457,999</u>
Total other comprehensive income -net	<u>\$3,630,579</u>

NOTE 8 STOCKHOLDERS' EQUITY

- a. Common stock as of March 31, 2024 and 2023 is as follows:



	No. acciones	Importe
Fijo - Serie "A"	5,000	\$ 5,000
Variable- Serie "B"	<u>404,970,502</u>	<u>404,970,502</u>
	<u>404,975,502</u>	<u>\$ 404,975,502</u>

- b. Under Mexico's current Income Tax Law, the distribution of dividends or the reductions of capital, except in fiscal profit accounts and contributions of restated capital which do not exceed the stockholder's equity, will incur an income tax applicable to dividends payable by the Company equal to 1.4286% of the dividends paid. The income tax paid from this distributions can be credited during the following two fiscal periods against the Company's income tax payable.

NOTE 9 FISCAL ENVIRONMENT

A) Income tax rate: income tax is payable at 30% rate on the basis that differs from the accounting income, mainly due to the effects of inflation, through the depreciation of fixed assets and the annual adjustment for inflation, as well as other items of expenses that are non-deductible for tax purposes.

B) Tax profit obtained: The end of the fiscal year in México is December 31th. For the years ended December 31, 2023 and 2022, the Company generated a tax profits for \$60,626,001, and \$38,421,102 and amortized tax losses carryforward from previous years respectively. Consequently, the Company did not cause current income tax.

C) Deferred income tax is determined by using the method of assets and liabilities. A summary of the main items that comprise the deferred tax as at March 31, 2024 and 2023, is as follows:



	2024	2023
Tax los carryforwards	\$ 24,058,877	\$ 34,420,029
Provisions	2,070,614	480,336
Allowance for doubtful accounts	2,884,534	2,156,760
Employee retirement obligations	3,152,102	2,254,808
Reserve for inventory to be destroyed	489,764	1,200,605
Differences tax value of fixed assets	112,040	(61,759)
Prepaid expenses	(541,075)	(364,106)
Employee profit sharing	<u>1,810,571</u>	<u>1,107,601</u>
Subtotal	34,037,427	41,317,791
Less: Valuation allowance	<u>(24,058,877)</u>	<u> </u>
Deferred income tax -net	<u>\$ 9,978,550</u>	<u>\$ 41,317,791</u>

D) At December 31, 2024 the has Company non-amortized tax losses, can be recovered updated by meeting certain requirements. In accordance with article 57 of the Income Tax Law, the taxpayers lose the right to write-off such tax losses for having exceeded the corresponding 10 years. The maturity years, at historical values as od December 31, 2023, are as follows:

	Year of Expiration	Losses Amorizable
	2024	\$ 46,803,517
	2025	28,803,157
	2026	31,326,513

NOTE 10 POSITION IN FOREIGN CURRENCY

The Company has a policy of valuing foreign currency for corporate exchange rate, based on global economic analysis, obtained from the website www.oanda.com; As of March 31, 2024 and 2023, the company has the following position in foreign currency:

	2024	2023
<u>US Dollars</u>		
Assets	\$ 3,010,672	\$ 1,941,508
Liabilities	<u>(8,287,730)</u>	<u>(4,711,325)</u>
Short-position	<u>\$ (5,277,058)</u>	<u>\$ (2,769,817)</u>

As of March 31, 2024 and 2023, the foreign exchange rate stood at \$ 16.7032 and \$18.0932, respectively.



NOTE 11 LEASES - IFRS 16

In January 2016, the IASB issued the new IFRS 16 Leases, with which it introduces a single accounting lease model for lessees. The lessee recognizes a right-of-use asset that represents its right to use the underlying asset and a lease liability that represents its obligation to make lease payments.

The Company leases facilities and equipment primarily under operating leases. The Company recognizes lease expense on a line-straight basis over the term of the lease. Operating lease liabilities are recorded in “Current portion of operating lease liabilities” and “Long-term operating lease liabilities,” and the corresponding lease assets are recorded in “Operating lease right-of-use assets” in the Company’s Balance Sheets.

Supplemental Balance sheet information related to leases as at March 31, 2024, were as follows:

<i>Operating leases</i>	2024
Operating lease right-of-use assets	\$ 20,802,520
Current portion of operating lease liabilities	\$ 9,377,319
Long term operating lease liabilities	<u>12,159,319</u>
	<u>\$ 21,496,478</u>

NOTE 12 COMMITMENTS AND CONTINGENCIES

A) The Company leases its administrative offices and a storage contract, packaging, order preparation process, transport and physical distribution of products, which has the right to occupy a warehouse space granted and assigned.

The contracts are the following:

Location	Expiration date	Amount paid
Central offices	July 14th , 2025	\$ 2,773,356
Warehouse	September 30th , 2024	\$ 3,435,526

B) Fiscal - In accordance with current tax legislation, the Mexican tax authorities have the power to review up to five fiscal years prior to the last income tax return filed.



NOTE 13 AUTHORIZATION FOR ISSUING THE FINANCIAL STATEMENTS

On April 21, 2024, the issuance of the accompanying financial statements as of March 31, 2024 was authorized by Mr. Catalino Bocanegra, Controller and Legal Representative of the Company; consequently, they do not reflect events occurred after that date.

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



L.C. Catalino Bocanegra Gómez
Controller