

**SUN PHARMA DE MEXICO, S.A. DE C.V.  
FINANCIAL STATEMENTS  
2022 AND 2021  
AND REPORT OF INDEPENDENT AUDITORS**

To, The Shareholders of Sun Pharma de Mexico, S.A. de C.V.

## **Independent Auditor's Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of **Sun Pharma de México, S.A. de C.V.**, which comprise the Statement of Financial Position as of December 31, 2022 and 2021, and the Statements of Comprehensive Income, Changes in Stockholders' Equity and Cash Flows corresponding to the years ended on those dates, as well as the explanatory notes to the financial statements that include a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial situation of Sun Pharma de México, S.A. de C.V., as of December 31, 2022 and 2021, as well as its results, changes in stockholders' equity and cash flows corresponding to the years ended on those dates, in accordance with the Financial Reporting Standards applicable in Mexico (NIF).

### **Basis of opinion**

We have conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent from the Company, in accordance with the Code of Professional Ethics of the Instituto Mexicano de Contadores Públicos, A.C., together with the ethical requirements that are applicable to our audits of the financial statements in Mexico, and we have complied with the other responsibilities of ethics in accordance with these requirements and with the Code of Professional Ethics. We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

### **Responsibilities of Management and those responsible of governance in relation to the Financial Statements**

The Management is responsible for the preparation and fair presentation of the financial statements, in accordance with the NIF's and the internal control that the Management considered necessary to allow the preparation of financial statements free of material deviation due to fraud or error.

In preparing the financial statements, Management is responsible for evaluating the Company's ability to continue as a going concern, revealing, where appropriate, issues related to the going concern and using the going concern accounting principle.

Those responsible of governance of the entity are responsible for supervising the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement where it exists. Deviations may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the ISAs, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of material misstatement due to error, as fraud may involve collusion, falsification, deliberate omissions, intentionally misstatements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate based on the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the adequacy of the accounting policies applied and the reasonableness of the accounting estimates and the corresponding information disclosed by the Management.
- We conclude on the appropriateness of the use, by the Management, of the going concern accounting principle and, with the audit evidence obtained, we conclude that there is no material deviation related to events or conditions that may generate significant doubts about the capacity of the Company to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We assess as a whole, the presentation, structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that achieves fair presentation.
- We communicate to those responsible of governance, among other matters, the scope and timing of the audit and significant audit findings, as well as any significant deficiencies in internal control that we identify during the course of the audit.

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C.P.C. MI. Jorge Marcos García Landa  
Professional ID 363151  
García Landa, Becerril & Asociados, S.C.  
Independent Auditor

Mexico City, March 28, 2023

## **STATUTORY AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF SUN PHARMA DE MEXICO S.A. DE C.V.**

In my capacity as Statutory Auditor, and in compliance with the provisions of Article 166 of the Mexican General Corporations Law and the by-laws of **Sun Pharma de Mexico S.A. de C.V.** (the Company), I am pleased to submit my Audit Report on the veracity, sufficiency and reasonability of the Financial Statements of the Company for the year ended December 31, 2022, presented to you by the Board of Directors of the Company.

I have attended the Shareholders' and the Board of Directors' meetings to which I was summoned, and I have obtained from the board of Directors and the Company's officers all the information on the Company's operations, documentation and records, that I considered necessary for examination. I conducted my audit in accordance with Auditing Standards generally accepted in Mexico.

In my opinion, the accounting and reporting policies and procedures observed by the Company in the preparation of the financial statements that are being presented to the shareholders are adequate and sufficient and were applied on a basis consistent with that of the previous year. Therefore, it is also my opinion that the financial statements referred to above give a True and Fair view in conformity with Mexican Financial Reporting Standards:

- i. in the case of Statements of Financial Position of the Company as of December 31, 2022;
- ii. in the case of Statement of Comprehensive Income, of the profit of the Company for the year ended on that date;
- iii. in the case of Statement of Cash Flow, of the cash flows of the Company for the year ended on that date; and
- iv. in the case of Statement of Changes in Stockholders' Equity, of the changes in stockholders' equity of the Company for the year ended on that date.

**C.P.C. Jorge Daniel García Becerril**  
**Statutory Auditor**

**Mexico City, March 28, 2023.**

**SUN PHARMA DE MEXICO, S.A. DE C.V.**  
**Statement of Financial Position as of December 31, 2022 and 2021**  
**(Amounts in Mexican Pesos)**

	Note	2 0 2 2	2 0 2 1	Note	2 0 2 2	2 0 2 1
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents			49,867,775		1,349,070 \$	4,680,594
Accounts Receivable:		24,272,785 \$			47,552,910	15,953,217
Sundry Debtors	5	164,313,788	138,285,102	10	26,652,509	16,138,430
Taxes In Favor		21,454,275	14,789,075		75,554,489	36,772,241
Prepaid Expenses and other Accounts Receivables		5,570,840	3,029,709	12	5,271,079	9,570,803
Total Taxes in Favor and Advances Paid	6	27,025,115	17,818,784		13,976,260	11,856,019
Inventories			84,669,669	12	19,247,339	21,426,822
Other Current Assets	7	119,936,487	179,906		94,801,828	58,199,063
<b>TOTAL CURRENT ASSETS</b>		<b>335,759,878</b>	<b>290,821,236</b>		<b>\$ 94,801,828</b>	<b>\$ 58,199,063</b>
<b>NON CURRENT ASSETS</b>						
Property, Machinery and Equipments	8	15,509,276	15,949,150	13	1,010,360 \$	1,010,360
Deferred Tax	9	12,310,867	6,742,415		202,072	202,072
<b>TOTAL NON CURRENT ASSETS</b>		<b>27,820,143</b>	<b>22,691,565</b>		13,464,455	54,973,778
					254,101,306	199,127,528
<b>Total Assets</b>		<b>\$ 363,580,021</b>	<b>\$ 313,512,801</b>		<b>\$ 268,778,193</b>	<b>\$ 255,313,738</b>
					<b>\$ 363,580,021</b>	<b>\$ 313,512,801</b>

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

In terms of my/our report attached.

For and on behalf of the Board of Directors

**C.P.C. Jorge Daniel García Becerril**  
Statutory Auditor

**Lic. Vipulkumar Jayantilal Timbadia**  
Director

For and on behalf of  
**García Landa Becerril & Asociados S.C.**

**Lic. Fernando Salvador Ramos Suarez**  
President

**C.P.C. Jorge Marcos García Landa**  
Independent Auditors

Mexico City, March 28, 2023

**SUN PHARMA DE MEXICO, S.A. DE C.V.**  
**Statement of Comprehensive Income**  
**For the years ended December 31, 2022 and 2021**  
**(Amounts in Mexican Pesos )**

	Note	<u>2 0 2 2</u>	<u>2 0 2 1</u>
<b>Net Income</b>	\$	<b>389,552,115</b>	\$ 344,648,446
Cost of Sales		<u>159,809,188</u>	<u>103,896,729</u>
<b>Gross Profit</b>		<b>229,742,927</b>	240,751,717
<b>General Expenses:</b>			
Operational Expenses		73,207,801	72,483,963
Selling Expenses		100,791,864	55,208,801
Administration Expenses		40,630,214	39,800,732
Depreciations		<u>4,773,291</u>	<u>4,959,877</u>
<b>Total General Expenses</b>		<b>219,403,170</b>	172,453,373
<b>Operating Profit</b>		<b>10,339,757</b>	68,298,344
Net Financial Income	14	6,463,335	2,611,598
Other Non-Operating Income and Expenses, Net	15	2,820,609	1,279,561
<b>Profit Before Tax</b>		<u>19,623,701</u>	<u>72,189,503</u>
Income Tax	17	11,727,698	18,145,327
Deferred Tax	9	( 5,568,452)	( 929,602)
<b>NET PROFIT FOR THE YEAR</b>		<b>\$ 13,464,455</b>	<b>\$ 54,973,778</b>

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In terms of my/our report attached.

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**C.P.C. Jorge Daniel García Becerril**  
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Director

Mexico City, March 28, 2023

**SUN PHARMA DE MEXICO, S.A. DE C.V.**  
**Statement of Changes in Stockholders' Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Amounts in Mexican Pesos)**

Movements	Share Capital	Unsubscribed Share Capital	Legal Reserve	Profit for the year	Accumulated Profits of Previous Years	Total
<b>Balances as of December 31, 2020</b>	<b>\$ 1,010,360</b>	<b>\$ 0</b>	<b>\$ 202,072</b>	<b>\$ 78,830,377</b>	<b>\$ 169,847,481</b>	<b>\$ 249,890,290</b>
Application of Profit for the Year 2020				( 78,830,377)	78,830,377	0
Dividend Paid					( 49,550,330)	( 49,550,330)
Profit for the Year 2021				54,973,778		54,973,778
<b>Balances as of December 31, 2021</b>	<b>\$ 1,010,360</b>	<b>\$ 0</b>	<b>\$ 202,072</b>	<b>\$ 54,973,778</b>	<b>\$ 199,127,528</b>	<b>\$ 255,313,738</b>
Application of Profit for the Year 2021				( 54,973,778)	54,973,778	0
Profit for the Year 2022				13,464,455		13,464,455
<b>Balances as of December 31, 2022</b>	<b>\$ 1,010,360</b>	<b>\$ 0</b>	<b>\$ 202,072</b>	<b>\$ 13,464,455</b>	<b>\$ 254,101,306</b>	<b>\$ 268,778,193</b>

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

In terms of my/our report attached.

For and on behalf of the Board of Directors

**C.P.C. Jorge Daniel García Becerril**  
Statutory Auditor

**Lic. Fernando Salvador Ramos Suarez**  
President

**Lic. Vipulkumar Jayantilal Timbadia**  
Director

For and on behalf of  
**García Landa Becerril & Asociados S.C.**

**C.P.C. Jorge Marcos García Landa**  
Independent Auditors

Mexico City, March 28, 2023

**SUN PHARMA DE MEXICO, S.A. DE C.V.**  
**Statement of Cash flows for the years ended december 31, 2022 and 2021**  
**(Amounts in Mexican Pesos )**

	<b>2 0 2 2</b>	<b>2 0 2 1</b>
<b>OPERATING ACTIVITIES:</b>		
Profit Before Tax	\$ 19,623,701	\$ 72,189,503
Items related to investment activities	6,741,589	2,747,809
Depreciation and Amortization of the Assets	4,773,291	4,959,877
Provision for Doubtful Debts	5,879,010	1,948,564
Profit from Sales of Fixed Assets	( 843,685)	( 276,054)
Interest Received	( 3,067,027)	( 3,884,578)
Total	<b>26,365,290</b>	<b>74,937,312</b>
Decrease / (Increase) in Accounts Receivable	( 31,907,696)	( 2,364,945)
Decrease / (Increase) in Short Term Advances	( 9,238,128)	( 2,930,959)
Decrease / (Increase) in inventories	( 35,266,818)	( 27,546,779)
Increase / (Decrease) in Suppliers	38,782,248	15,946,981
Increase / (Decrease) in Other Liability	( 2,179,483)	9,198,483
Cash generated from Operations	( 13,444,587)	67,240,093
Income Tax Paid	( 11,727,698)	( 18,145,327)
Net Cash flow from Operating Activities	( 25,172,285)	49,094,766
<b>INVESTMENT ACTIVITIES:</b>		
Purchase of Fixed Assts	( 4,433,766)	( 696,703)
Proceed from Sales of Fixed Assets	944,034	439,022
Interest Income	3,067,027	3,884,578
Cash Flow from Investing Activities	( 422,705)	3,626,897
Surplus Cash to apply in Financing Activities	( 25,594,990)	52,721,663
<b>FINANCING ACTIVITIES</b>		
Dividend Paid	0	( 49,550,330)
Net Cash Flow from Financing Activities	0	( 49,550,330)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>( 25,594,990)</b>	<b>3,171,333</b>
Cash and Cash Equivalents at Beginning of the Year	49,867,775	46,696,442
<b>Cash and Equivalents at End of the Year</b>	<b>\$ 24,272,785</b>	<b>\$ 49,867,775</b>

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

In terms of my/our report attached.

For and on behalf of the Board of Directors

**C.P.C. Jorge Daniel García Becerril**  
Statutory Auditor

**Lic. Fernando Salvador Ramos Suarez**  
President

For and on behalf of  
**Garcia Landa Becerril & Asociados S.C.**

**C.P.C. Jorge Marcos Garcia Landa**  
Independent Auditors

**Lic. Vipulkumar Jayantilal Timbadia**  
Director

Mexico City, March 28, 2023



## **SUN PHARMA DE MEXICO, S.A. DE C.V.**

Notes to the financial statements

December 31, 2022

(With comparative figures for 2021)

(Amounts in Mexican pesos, except wherever indicated expressly)

### **1) Activity of the Company.**

Sun Pharma de México, S.A. de C.V. (the "Company") is a Company incorporated under Mexican Law, the main objective of the Company is all kinds of activities related to the pharmaceutical industry, such as commercialization, purchases, sales, export, import, representation, marketing and distribution of pharmaceutical products.

### **2) Basis of presentation.**

#### **a) Declaration of compliance.**

The accompanying financial statements have been prepared in accordance with the Mexican Financial Reporting Standards (NIF's), issued by the Mexican Council for Financial Reporting Standards (CINIF).

Presentation of the comprehensive income statement.

Starting in 2013, adopting the changes in NIF B-3 "Statement of comprehensive income", the company presents its costs and ordinary expenses based on its function, which allows knowing its gross profit margin. Additionally, the operating income item is presented, which is the result of reducing the cost of sales and expenses to net sales, considering that this item contributes to a better understanding of the economic and financial performance of the Company.

Likewise, the item of other income (expenses) is included because it is considered convenient to present in the amounts of activities which are not related to the operation of the company.

### **3) Summary of the main accounting policies.**

The accounting policies shown below have been uniformly applied in the preparation of the financial statements presented in accordance with the Mexican Financial Reporting Standards (NIF'S) and have been consistently applied by the Company, except as indicated expressly.

#### **a) Recognition of the effects of inflation.**

The accompanying financial statements were prepared in accordance with NIF'S, as the Company operates in a non - inflationary environment, as inflation accumulated in the previous 3 financial years does not exceed 26%, do not include the recognition of effects of inflation on financial information, therefore, as of January 1, 2008, entities have the obligation to suspend the recognition of the effects of inflation on financial information. Therefore, the figures of the accompanying financial statements as of December 31, 2022 and 2021, are expressed in historical Mexican pesos.

#### **b) Cash and cash equivalents.**

Cash and cash equivalents include deposits in bank accounts, foreign currencies and others similar of immediate realization. At the date of the financial statements, the interest earned and the profit or loss in valuation are included in the results of the year, as part of the comprehensive financing result.

c) Accounts receivable.

Account receivables are presented at their realizable value, net of the allowance for doubtful debts, or provisions for doubtful debts.

d) Inventories and Cost of Sales.

Cost of sale represents the replacement cost of inventories at the time of sale, inventories are valued using the first-in and first-out method.

e) Advance payments.

They mainly include advances for the purchase of services that are received after the date of the statement of financial position and during the normal course of operations and are presented in the short or long term according to the classification of the destination item.

f) Property, Machinery and Equipment.

The Property, Machinery and Equipment are recorded at acquisition cost.

Depreciation is calculated based on the remaining useful life of the assets, and its application to results is carried out using the straight-line method, using the maximum rates authorized by the Income Tax law according to the following percentages for 2022 and 2021:

Buildings	5%
Machinery and equipment	10%
Office Furniture and Equipment	10%
Transportation Equipment	25%
Computer equipment	30%
Electrical installation	10%

Improvements to the leased property are charged to income in the period in which this occurs.

g) Provisions.

The liabilities borne by the company and liability provisions recognized in the balance sheet represent present obligations in which the outflow of economic resources is probable to settle the obligation. These provisions have been recorded in the accounting, under the best reasonable estimate made by management to settle the present obligation; however, actual results could differ from recognized provisions.

h) Income taxes on Profit.

Income tax expense on Profit consists of current and deferred tax and is recognized in the income statement.

The current income tax is the expected tax to be paid on the taxable result for the year at the current tax rate, and any adjustment to the tax to be paid with respect to previous years.

Deferred income taxes, as stated in NIF D-4 "Income taxes" must be recognized according to the assets and liabilities method, which compares their accounting and tax values. Deferred income taxes (assets and liabilities) must be recognized for future tax consequences attributable to temporary

differences between the values reflected in the financial statements of existing assets and liabilities and their relative tax bases, and in the case of taxes on the profit, for tax losses to be amortized and other tax credits to be recovered. Deferred income tax assets and liabilities must be calculated using the rates established in the corresponding law, which will be applied to taxable income in the years in which it is estimated that the temporary differences will be reversed. The effect of changes in tax rates on deferred income taxes is recognized in the results of the period in which such changes are approved.

i) Employees Benefit.

The company has recognized the guidelines established in NIF D-3 "Employee benefits" which require that liabilities derivatives for retirement benefits, "Pension plans, seniority premiums and compensation, are recognized.

j) Employee Profit Sharing.

According to the Federal Labor Law, the participation of employees in company's profit (ESOP) is applicable to the Company, according to the applicability the company has recognized the same in liability and it is recorded in de results of the year in which it is caused.

k) Revenue recognition.

Sales revenue is recognized when the risks and benefits of the products are transferred to the customers who purchase them, which generally occurs when they are delivered to the customer and the customer assumes responsibility for them. Net sales are net of discounts and returns.

l) Comprehensive financing results.

Comprehensive financing result includes interest and exchange rate differences, if any, deducted from capitalized amounts.

m) Transactions in foreign currency.

Transactions in foreign currency are recorded at the exchange rate of the date they are carried out. These assets and liabilities receivable and payable in foreign currency are valued in national currency at the exchange rate in effect on the date of the financial statements. The exchange difference resulting between the transaction date and the payment date, or the balance sheet date, is applied to the results of the year and is presented in the comprehensive financing result.

**4) Cash and cash equivalents.**

		<b>2022</b>		2021
Cash on Hand	\$	<b>16,000</b>	\$	16,000
Bank Balance in Local Currency		<b>24,127,407</b>		49,819,976
Bank Balance in Foreign Currency		<b>129,378</b>		31,799
<b>Total</b>	<b>\$</b>	<b>24,272,785</b>	<b>\$</b>	<b>49,867,775</b>

5) **Accounts receivable.**

	2022		2021	
Debtors Considered Good	\$	<b>164,313,788</b>	\$	138,285,102
Debtors Considered Doubtful		<b>26,932,862</b>		21,053,852
		<b>191,246,650</b>		159,338,954
Provision for Doubtful Debtors		<b>(26,932,862)</b>		(21,053,852)
Total	\$	<b>164,313,788</b>	\$	138,285,102

6) **Taxes in favor and Advances Paid.**

	2022		2021	
VAT in favor	\$	<b>6,320,242</b>	\$	3,281,442
Income Tax in favor		<b>15,134,033</b>		11,507,633
Taxes to be recovered	\$	<b>21,454,275</b>	\$	14,789,075
Prepaid insurance expenses	\$	<b>3,351,782</b>	\$	2,279,320
Other Accounts Receivables		<b>2,219,058</b>		750,389
	\$	<b>5,570,840</b>	\$	3,029,709
	\$	<b>27,025,115</b>	\$	17,818,784

7) **Inventories. (Valued at the lower of cost or net Realizable Value)**

	2022		2021	
Raw Material	\$	<b>13,757,807</b>	\$	9,409,798
Raw Material in Transit		<b>2,034,719</b>		2,248,452
Finished Goods		<b>96,480,463</b>		68,999,848
Finished Goods in Transit		<b>7,663,498</b>		4,011,571
Total	\$	<b>119,936,487</b>	\$	84,669,669

8) **Property, machinery and equipment.**

	2022		2021	
Land	\$	<b>5,245,942</b>	\$	5,245,942
Building		<b>5,296,665</b>		5,296,665
Machinery and Equipment's		<b>39,481,130</b>		39,396,736
Transportation Equipment's		<b>19,544,041</b>		18,238,503
Furniture and Office Equipment's		<b>3,676,286</b>		3,667,170
Data Processing Equipment's		<b>1,716,681</b>		1,318,968
Total Fixed Assets	\$	<b>74,960,745</b>	\$	73,163,984
Accumulated depreciation	\$	<b>59,451,469</b>	\$	57,214,834
Net Fixed Assets	\$	<b>15,509,276</b>	\$	15,949,150

9) ***Differed Tax.***

**2022:**

	<u>Temporary Items</u>	<u>Deferred Tax In Favor (Payable)</u>
Opening Balance for the Year	\$ <b>22,474,716</b>	\$ <b>6,742,415</b>
Provision of Expenses 2022	<b>25,578,021</b>	
Provision of Expenses 2021	<b>(13,385,103)</b>	
Prepaid Expenses 2022	<b>(3,351,779)</b>	
Prepaid Expenses 2021	<b>2,219,237</b>	
Provision of Sales Return 2021	<b>3,625,061</b>	
Provision Inventory Net	<b>2,838,181</b>	
Provision of Employees Benefits 2022	<b>1,037,890</b>	
Deferred Tax 2022	<b>18,561,508</b>	<b>5,568,452</b>
Closing Balance for the Year	\$ <b>41,036,225</b>	\$ <b>12,310,867</b>

**2021:**

	<u>Temporary Items</u>	<u>Deferred Tax In Favor (Payable)</u>
Opening Balance for the Year	\$ 19,376,043	\$ 5,812,813
Provision of expenses 2021	(13,385,103)	
Provision of expenses 2020	4,757,182	
Prepaid expenses 2021	2,219,237	
Prepaid expenses 2020	(2,608,753)	
Provision of sales return 2020	494,676	
Provision inventory Net	15,175,029	
Provision of employees benefits 2021	(3,553,595)	
Deferred Tax 2021	3,098,673	929,602
Closing Balance for the Year	\$ 22,474,716	\$ 6,742,415

10) ***Related parties.***

As of December 31, the balance with Related Party is:

	<u>2022</u>	<u>2021</u>
<u>Accounts Payable</u>		
Sun Pharmaceutical Industries Ltd.	\$ <b>47,552,910</b>	\$ 15,953,217
Total	\$ <b>47,552,910</b>	\$ 15,953,217

Operation with related parties during the year were in respect of:

	2022	2021
<b>Inventory Purchases / Expenses:</b>		
Sun Pharmaceutical Industries Ltd.	\$ 199,801,665	\$115,934,036
<b>Administration Services:</b>		
Endesk Servicios, S.A. de C.V.	\$ 0	\$ 34,414,030
Endesk, S.A. de C.V.	\$ 935,000	\$ 1,122,000

11) *Position in foreign currency.*

	December 2022		December 2021	
	Dollars USA	Pesos	Dollars USA	Pesos
<b>Asset:</b>				
Banks	\$ 6,682	\$ 129,378	\$ 1,550	\$ 31,799
<b>Liabilities:</b>				
Suppliers	\$ 2,456,056	\$ 47,552,910	\$ 820,500	\$ 16,834,809
<b>Net Liability position</b>	<b>\$ 2,449,374</b>	<b>\$ 47,423,532</b>	<b>\$ 818,950</b>	<b>\$ 16,803,010</b>

12) *Taxes and other accounts payable.*

	2022	2021
<b>Taxes Payable:</b>		
Monthly Income Tax Provision	\$ 2,242,516	\$ 3,106,055
Withholding Income Tax	16,070	3,737,000
Withholding Tax Salaries	1,448,879	1,340,710
Withholding VAT	46,395	66,331
Quotas IMSS	1,288,999	1,127,017
Salary tax	228,220	193,690
	<b>\$ 5,271,079</b>	<b>\$ 9,570,803</b>
<b>Other Accounts Payable:</b>		
Other Accounts	\$ 5,246,891	\$ 5,059,777
Liability for Employees Benefits	4,591,485	3,553,595
Employee's Profit Sharing	4,137,885	3,242,647
	<b>\$ 13,976,261</b>	<b>\$ 11,856,019</b>
<b>Total</b>	<b>\$ 19,247,340</b>	<b>\$ 21,426,822</b>

13) **Share capital.**

	2022	2021
<b>Fixed:</b>		
<b>Sun Pharmaceutical Industries Ltd. formed with 750 shares (Previous year 750 shares) subscribed and paid-up of nominal value of \$1,010.36 each (Previous year \$1,010.36).</b>	<b>\$ 757,770</b>	<b>\$ 757,770</b>
<b>Indi Pharma, S.A.P.I. de C.V., formed by 250 share (Previous year 250 shares) subscribed and paid-up of nominal value of \$1,010.36 each (Previous year \$1,010.36).</b>	<b>\$ 252,590</b>	<b>\$ 252,590</b>
<b>Total</b>	<b>\$ 1,010,360</b>	<b>\$ 1,010,360</b>

14) **Net financial Income.**

	2022	2021
Interest Earned	\$ 3,067,027	\$ 3,884,578
Exchange Rate Loss for the year	(8,173,032)	(2,387,569)
Exchange Rate Gain for the year	11,569,340	1,114,589
<b>Total</b>	<b>\$ 6,463,335</b>	<b>\$ 2,611,598</b>

15) **Other non-operating income and expenses.**

	2022	2021
Loss from the sale of fixed assets	\$ 0	\$ (162,969)
Profit from the sale of fixed assets	843,686	439,023
Insurance Claims	1,057,569	683,146
Other Income	919,354	320,361
<b>Total</b>	<b>\$ 2,820,609</b>	<b>\$ 1,279,561</b>

16) **Fiscal Taxes on dividends.**

Dividends paid will be free of income tax if they come from the net tax profit account (CUFIN). Dividends that exceed said CUFIN will cause the tax equivalent to the rate of 42.86%, from the year 2013 onwards, the tax caused will be determined and withheld by the company as the dividends are paid and may be credited against the income tax for the year or that of the immediate next two years.

In addition to the previous tax, when the payment of dividends is made to residents abroad and to individuals residing in Mexico, decreeing profits, generated with effect from January 1, 2014, the additional tax will be determined by applying the 10% rate directly on the dividend paid. The tax must be withheld by the company that carries out the payment of the dividend and has the character of "final payment".

In the event of a capital reduction, the procedures established by the income tax law provide that any surplus of stockholders' equity over the balances of the contributed capital accounts be given the same treatment as that applicable to dividends.

During the year 2021, dividends for a total of \$ 49,550,330, were decreed and paid to shareholders, these dividends came from the net tax profit account (CUFIN) and was exempt from income tax. Additionally, 10% of Income tax of \$ 3,716,275 was withheld by the Company towards the payment of dividends to the foreign shareholder and was paid to the authorities. This decree was established in the minutes of the ordinary general shareholders' meeting held on November 23, 2021.

**17) *Taxes on Income.***

The Company is subject to the income tax. The income tax calculated and considering certain effects of inflation as taxable or deductible, such as the depreciation calculated on values in constant pesos, the effect of inflation on certain liabilities and monetary assets is accumulated or deducted through the annual adjustment for inflation.

- ✧ The income tax rate applicable to the Company for the years 2022 and 2021 is 30%.

**18) *New accounting pronouncements from 2022.***

The CINIF Issuing Council approved some improvements to the Financial Reporting Standards until fiscal year 2022, in order to establish a more appropriate regulatory approach. In addition to improving certain aspects of the NIF's, the changes eliminate some differences with the International Financial Reporting Standards, to make them compact. The application of these improvements to the NIF's have no significant effect on the Company's financial statements so it is not necessary to mention them.

**19) *Contingencies.***

According to current legislation, the Authorities have the power to review Income Tax returns up to five fiscal years prior to the last Income Tax return filed.

In accordance with the Income Tax Law, companies that carry out operations with related parties are subject to limitations and tax obligations, regarding the determination of the agreed prices, since these must be comparable to those that would be used with or between independent parties in comparable operations. In the event that the tax authorities review the prices and rejects the determined amounts, they could demand the taxes, in addition to the collection of the corresponding tax and accessories (updates and surcharges), fines on the omitted contributions, which could be up to 100% on the updated amount of contributions.

**20) *Issuance of financial statements.***

These financial statements have been approved by the Company's Management on March 28, 2023.