**NANOMI B.V.**
**ZUTPHENSTRAAT 51,**
**7575EJ**
**AT OLDENZAAL**

# FINANCIAL REPORT 1 APRIL 2017 UNTIL 31 MARCH 2018

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# MANAGEMENT BOARD'S REPORT

## MANAGEMENT BOARD'S REPORT

The company makes use of the exemption to draw up Annual report over 1 April 2017 until 31 March 2018 as referred to article 2:396 paragraph 7 of the Netherlands Civil Code.

## FINANCIAL STATEMENTS

## BALANCE SHEET AS AT 31 MARCH 2018

*(After proposal appropriation of result)*

| | | 31-03-2018 | | 31-03-2017 | |
|---|---|---|---|---|---|
| | | € | € | € | € |
| ***ASSETS*** | | | | | |
| **FIXED ASSETS** | | | | | |
| **Tangible fixed assets** | 1 | | | | |
| Buildings | | 575,860 | | 604,963 | |
| Plant and equipment | | 4,504,532 | | 3,945,212 | |
| Assets under construction | | 426,251 | | 209,600 | |
| | | | 5,506,643 | | 4,759,775 |
| **Financial fixed assets** | | | | | |
| Other receivables | 2 | | 838,295 | | 394,041 |
| **CURRENT ASSETS** | | | | | |
| **Receivables** | | | | | |
| Other receivables | 3 | | 1,656,191 | | 501,245 |
| **Cash and cash equivalents** | 4 | | - | | 665,534 |
| Total assets | | | 8,001,129 | | 6,320,595 |

| | | | 31-03-2018 | | 31-03-2017 |
|---|---|---|---|---|---|
| | | € | € | € | € |
| ***EQUITY AND LIABILITIES*** | | | | | |
| **SHAREHOLDERS' EQUITY** | 5 | | | | |
| Issued share capital | 6 | 18,182 | | 18,182 | |
| Share premium reserve | | 24,236 | | 24,236 | |
| Other reserves | | -33,730,563 | | -23,165,263 | |
| | | | -33,688,145 | | -23,122,845 |
| **LONG-TERM LIABILITIES** | 7 | | | | |
| Debts to participating interest | 8 | | 38,250,000 | | 25,850,000 |
| **CURRENT LIABILITIES** | 9 | | | | |
| Debts to credit institutions | 10 | 322,267 | | - | |
| Trade creditors | 11 | 2,013,239 | | 1,866,730 | |
| Liabilities to group companies | 12 | 395,435 | | 1,139,308 | |
| Taxes and social security premiums | 13 | 70,688 | | 91,116 | |
| Other liabilities and accrued expenses | 14 | 637,645 | | 496,286 | |
| | | | 3,439,274 | | 3,593,440 |
| Total liabilities | | | 8,001,129 | | 6,320,595 |

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD 01-04-17 UNTIL 31-03-18

| | | 2017 / 2018 | | 2016 / 2017 | |
|---|---|---|---|---|---|
| | | € | € | € | € |
| Other operating income | 15 | | 20,087 | | - |
| Wages and salaries | 16 | 1,452,115 | | 1,383,083 | |
| Social security premiums and pension costs | 17 | 339,104 | | 334,139 | |
| Depreciation of tangible fixed assets | 18 | 1,318,140 | | 857,151 | |
| Other operating expenses | 19 | 6,689,931 | | 9,132,834 | |
| **Total operating expenses** | | | 9,799,290 | | 11,707,207 |
| **Operating result** | | | -9,779,203 | | -11,707,207 |
| Financial income and expense | 20 | | -786,097 | | -518,649 |
| **Result from operational activities before taxation** | | | -10,565,300 | | -12,225,856 |
| Taxation | | | - | | - |
| **Net result after taxation** | | | -10,565,300 | | -12,225,856 |

# NOTES TO THE FINANCIAL STATEMENTS

## ENTITY INFORMATION

### Registered address and registration number trade register

The registered and actual address of Nanomi B.V. is Zutphenstraat 51, 7575EJ in Oldenzaal. Nanomi B.V. is registered at the trade register under number 08124418.

## GENERAL NOTES

### The most important activities of the entity

The activities of Nanomi B.V. consist mainly of:
- The development of medical and pharmaceutical products.

### Disclosure of going concern

Financial situation
The total liabilities exceed the total assets on the balance sheet which results in a negative equity of € 33.7 million. This situation is caused by the losses that Nanomi B.V. has suffered in recent years because of major investments made in research & development which must lead to products that generate positive cash flows.

Nanomi B.V. largely depends on the willingness of 100% shareholder Lupin Atlantis Holdings SA to continue the funding provided. The maturity date of the creditline is 31 December 2026. Nanomi B.V. and Lupin Atlantis Holdings SA both have the right to terminate the loan agreement on ninety days written notice to the other party. As a result of this situation there is material uncertainty about the going concern of Nanomi B.V.

Measures
Nanomi's 100% shareholder Lupin Atlantis Holdings SA will provide the funding required to enable Nanomi to continue its business as going concern and to meet all Nanomi's liabilities as they due. Lupin Atlantis Holdings SA has provided Nanomi with a letter of support. This support consists of not recalling the existing finance facilities if the financial position of the company does not allow this, and also to support the company with additional funding (exceeding the limit) if the financial position requires this. This support will be valid till June 9, 2019.

Expectations
The primary goal of Nanomi B.V. is the development of generic versions of complex injectables. These activities take a long time span and by nature carry a risk. For this reason the investments in the R&D activity are not activated.
The management of Nanomi B.V. believes that there is no uncertainty related to going concern. Management expects positive cashflows for the long term which will exceed the investments made in the past years and years to come.

Going concern
Based on the expectations and measures taken the financial statements have been prepared on going concern assumption.

### Disclosure of group structure

Nanomi B.V., having its legal address in Hengelo, is a private limited liability company under Dutch law, with 100% of the shares held by Lupin Atlantis Holdings SA at Zug. Lupin acquired all outstanding Nanomi shares on January 30th of 2014 with the aim to leverage the Nanomi intellectual property and development programs in entering the market of generic complex injectables. As part of the Lupin group, Nanomi will develop complex injectable products. The financial statements of Nanomi B.V. are included in the consolidated financial statements of Lupin Limited.

### Disclosure of estimates

The preparation of the financial statements requires that management make judgements and use estimates and assumptions that affect the application of the accounting principles and the reported value of the assets and liabilities and the income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are continually reviewed. Revised estimates are stated in the period in which the estimate is revised and in future periods for which the revision has consequences. The accounting policies regarding to accruals are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions.

## GENERAL ACCOUNTING PRINCIPLES

### The accounting standards used to prepare the financial statements

The financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, profit and loss account and the cash flow statement, references are made to the notes.

Unless stated otherwise, assets and liabilities are presented at nominal value.
An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the value can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease in a liability has arisen, the size of which can be measured reliably.
Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase in a liability has arisen, the size of which can be measured with sufficient reliability.

If a transaction results in a transfer of all or all future economic benefits and all or almost all risks relating to assets or liabilities to a third party, the asset or liability is no longer included on the balance sheet.
Assets and liabilities are not included on the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

Revenues and expenses are allocated to the period to which they relate. Revenues are recognised when the company has transferred the significant risks and rewards of ownership of the goods to the buyer.

### Conversion of amounts denominated in foreign currency

Items included in the financial statements of Nanomi B.V. are valued with due regard for the currency in the economic environment in which the corporation carries out most of its activities (the functional currency). The financial statements are denominated in euros; this is both the functional currency and presentation currency of Nanomi B.V.

### Foreign currency translation for the balance sheet

Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date.

### Foreign currency translation and the processing of foreign currency translation differences in foreign currency transactions

Transactions denominated in foreign currency are translated into euros at the exchange rate applying on the transaction date.

### Leases

The company may enter into financial and operating leases. A lease contract where the risks and rewards associated with ownership of the leased property are transferred substantially all to the lessee, is referred to as a financial lease. All other leases are classified as operating leases. In classifying leases, the economic reality of the transaction is decisive rather than its legal form.

### Operating leases

If the company acts as lessee in an operating lease, then the leased property is not capitalised. Lease payments regarding operating leases are charged to the profit and loss account on a straight-line basis over the lease period.

### Financial instruments

Financial instruments comprise primary financial instruments, such as receivables and payables. For the principles applying to the primary financial instruments, please refer to the treatment of each relevant balance sheet item. The company does not use derivates.

## ACCOUNTING PRINCIPLES

### Property, plant and equipment

Plant and equipment and other fixed operating assets are stated at cost, less accumulated depreciation and impairment losses. The cost consists of the price of acquisition or manufacture, plus other costs that are necessary to get the assets to their location and condition for their intended use. Depreciation is calculated as a percentage of the acquisition costs on a straight-line basis over the estimated useful life. Maintenance expenditures are only capitalised when the maintenance leads to extension of the useful life of the asset.

### Financial assets

Receivables are measured at initial recognition at fair value, plus transaction costs (if material). After initial recognition, the assets are measured at amortised cost using the effective interest method, less a provision for uncollectible debts. These provisions are determined by individual assessment of the receivables.

### Impairment of non-current assets

For tangible and intangible fixed assets an assessment is made as of each balance sheet date as to whether there are indications that these assets are subject to impairment. If there are such indications, the recoverable value of the asset is estimated. The recoverable value is the higher of the value in use and the net realisable value. If it is not possible to estimate the recoverable value of an individual asset, then the recoverable value of the cash flow generating unit to which the asset belongs is estimated.
If the carrying value of an asset or a cash flow generating unit is higher than the recoverable value, an impairment loss is recorded for the difference between the carrying value and the recoverable value. In case of an impairment loss of a cash flow generating unit, the loss is first allocated to goodwill that has been allocated to the cash flow generating unit. Any remaining loss is allocated to the other assets of the unit in proportion to their carrying values. Reversal of an impairment loss that was recorded in the past only takes place in case of a change in the estimates used to determine the recoverable value since the recording of the last impairment loss. In such case, the carrying value of the asset (or cash flow generating unit) is increased up to the amount of the estimated recoverable value, but not higher than the carrying value that would have applied (after depreciation) if no impairment loss had been recorded in prior years for the asset (or cash flow generating unit).

### Cash and cash equivalents

Cash and cash equivalents are stated at nominal value and are, unless stated otherwise, at free disposal of the company.

**Current assets**

Receivables are measured at initial recognition at fair value, plus transaction costs (if material). After initial recognition, the assets are measured at amortised cost using the effective interest method, less a provision for uncollectible debts. These provisions are determined by individual assessment of the receivables.

**Equity**

Financial instruments taking the legal form of shareholders' equity instruments are presented under shareholders' equity. Distributions to the holders of these instruments are deducted from shareholders' equity after deduction of any related benefit related to tax on profit.
Financial instruments taking the legal form of a financial obligation are presented under loan capital. Interests, dividends, income and expenses related to these financial instruments are taken to the profit and loss account.

**Share premium**

The share premium reserve relates to the part of the paid up and subscribed capital, which is higher than the nominal value of the issued shares.

**Non-current liabilities**

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium / discount or if there are no transaction costs, the amortised cost price is the same as the nominal value of the debt.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the profit and loss account on the basis of the effective interest rate during the estimated term of the long-term debts.

**Current liabilities**

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

**Accounting principles for determining the result**

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

**Gross margin**

Revenues from the sale of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer, when delivery has taken place, the price has been or can be determined, and there is reasonable certainty that the selling price can be collected. Generally, these criteria are met when goods have been delivered and acceptance, if necessary, from the client has been obtained.
Revenues from services rendered are recognised in the profit and loss account when the revenue amount can be determined in a reliable manner, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably.

**Applied policy of pension costs**

The group has a pension plan which is financed through contributions to an insurance company. The pension obligations are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

The annual accrual on the pension entitlements amount to 3,81 - 25,76% (2016-2017: 3,81-25,76%) of the pensionable salary that is based on the gross wage net of a deductible 13.344 (2016-2017: € 13.123). The pensionable salary is capped at € 105.075 (31-03-2017: € 103.317). Based on the administrative regulations the group has no obligation to make additional contributions in the event of a deficit.

**Income tax expense**

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period.
Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.
Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.
If the carrying values of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences. A provision for deferred tax liabilities is recognised for taxable temporary differences.
For deductible temporary differences, unused loss carry forwards and unused tax credits, a deferred tax asset is recognised, but only in so far as it is probable that taxable profits will be available in the future for offset or compensation.
Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.
Deferred tax assets and liabilities are stated at nominal value.

## NOTES TO THE BALANCE SHEET

### FIXED ASSETS

### 1 Tangible fixed assets

| | Buildings | Plant and equipment | Assets under construction | Total |
|---|---|---|---|---|
| | € | € | € | € |
| Balance as at 1 April 2017 | | | | |
| Purchase price | 788,724 | 5,354,497 | 209,600 | 6,352,821 |
| Accumulated depreciation | -183,761 | -1,409,285 | - | -1,593,046 |
| Book value as at 1 April 2017 | 604,963 | 3,945,212 | 209,600 | 4,759,775 |
| Movements | | | | |
| Investments | 137,692 | 1,501,065 | 426,251 | 2,065,008 |
| Finished | - | 209,600 | -209,600 | - |
| Depreciation | -166,795 | -1,151,345 | - | -1,318,140 |
| Balance movements | -29,103 | 559,320 | 216,651 | 746,868 |
| Balance as at 31 March 2018 | | | | |
| Purchase price | 926,416 | 7,061,414 | 426,251 | 8,414,081 |
| Accumulated depreciation | -350,556 | -2,556,882 | - | -2,907,438 |
| Book value as at 31 March 2018 | 575,860 | 4,504,532 | 426,251 | 5,506,643 |
| Depreciation percentages | 20 | 20 | 0 | |

### Financial fixed assets

| | 31-03-2018 | 31-03-2017 |
|---|---|---|
| | € | € |
| **2 Other receivables** | | |
| Loan to contract manufacturing organization (LT) | 775,342 | 361,016 |
| Other receivables | 62,953 | 33,025 |
| | 838,295 | 394,041 |

The contract manufacturing organization shall reimburse the loan (maximum € 1.352.000) in monthly installments to Nanomi B.V., starting September 2017 until September 2021 (period = 48 months). First installment will be € 36.000, further installments will be € 28.000.

## CURRENT ASSETS

### Receivables > 1 year

All receivables have a remaining term of maturity of less than one year.

| | 31-03-2018 | 31-03-2017 |
|---|---|---|
| | € | € |
| **3 Other receivables and accrued income** | | |
| Taxes and social security premiums | 281,757 | 348,075 |
| Accruals and prepaid expenses | 173,870 | 81,498 |
| Other amounts receivable | 1,200,564 | 71,672 |
| | 1,656,191 | 501,245 |

***Taxes and social security premiums***

| | | |
|---|---|---|
| Value added tax | 264,565 | 301,138 |
| Pension contributions | 2,135 | - |
| Other taxes | 15,057 | 46,937 |
| | 281,757 | 348,075 |

***Other amounts receivable***

| | | |
|---|---|---|
| Reimbursements | 900,988 | - |
| Loan to contract manufacturing organization (ST) | 299,576 | 71,672 |
| | 1,200,564 | 71,672 |

***Accruals and prepaid expenses***

| | | |
|---|---|---|
| Deposits | 66,000 | - |
| Prepaid maintenance costs | 46,780 | - |
| Prepaid rent | 24,846 | 24,848 |
| Prepaid electricity | 8,950 | 6,870 |
| Other accruals and prepaid expenses | 27,294 | 49,780 |
| | 173,870 | 81,498 |

**4 Cash and cash equivalents**

| | | |
|---|---|---|
| Bank | - | 665,534 |

The cash and cash equivalents are freely at the disposal of Nanomi B.V.

## EQUITY AND LIABILITIES

### 5 Shareholders' equity

Movements in equity were as follows:

| | Issued share capital | Share premium reserve | Other reserves | Total |
|---|---|---|---|---|
| | € | € | € | € |
| Balance as at 1 April 2017 | 18,182 | 24,236 | -23,165,263 | -23,122,845 |
| Appropriated of result | - | - | -10,565,300 | -10,565,300 |
| Balance as at 31 March 2018 | 18,182 | 24,236 | -33,730,563 | -33,688,145 |

### 6 Issued share capital

The company's authorised capital amounts to € 90.000 and consists of 9.000.000 shares with a nominal value of € 0,01.The fully paid and shared capital amounts to 1.818.200 shares with a total amount of € 18.182.

### 7 LONG-TERM LIABILITIES

| | 31-03-2018 | 31-03-2017 |
|---|---|---|
| | € | € |
| **8 Debts to participating interest** | | |
| Loan Lupin Atlantis Holdings SA | 38,250,000 | 25,850,000 |

1. Lupin Atlantis Holdings SA (hereafter Lender) grants a loan to the Borrower in the principal amount of up to € 40.000.000. The Borrower may request partial disbursement of Loan, subject to a minimum amount of € 50.000. Lender will make such requested disbursements available to Borrower within 10 working days.
2. The principal amount of the loan will be provided for a duration of two years from the Effective Date until expiring on 31 December 2026.
3. The Borrower may at any time and without penalty or premium repay all or part of the principal amount, however in minimum amounts of € 50.000 per repayment;
4. The disbursed part of the Loan shall carry interest at the rate of Swiss safe harbor rate specified annually by the Circular of the Swiss federal tax authorities (ESTV) on the authorized interest rates for loans among related parties (ESTV Rundschreiben: Steuerlich anerkannte Zinssätze für Vorschüsse oder Darlehen in Fremdwährungen) ("Circular"). For 2017 the rate is
• 2.75% for the first € 10.000.000 (LAHSA's own debt cost of 2.25% 0.5%)
• 2.50% for all above € 10.000.000 (LAHSA's own debt cost of 2.25% 0.25%)
5. The Agreement can be terminated by either party with immediate effect in the following cases:
(i) If Borrower or Lender cease to be a member of the Lupin group
(ii) In case of dissolution of the Lender or of the Borrower.
(iii) If any event of default of obligation by either party; insolvency or bankruptcy or admission by Borrower of its inability to pay its debts as they mature; any kind of adverse change in Borrower's financial situation that is likely to threaten the repayment of any drawing.

The disbursed part of the Loan including accrued interest shall be repayable immediately in the event that Borrower has been declared bankrupt or has entered into a situation that he has effectively ceased to be able to meet his debts in full or has commenced liquidation procedures or is in default as to the payment of principal or interest pursuant to the terms of this agreement during a period of four weeks following notice of default to Borrower.

## CURRENT LIABILITIES

### 9 Current liabilities

All current liabilities have a remaining term of maturity of less than one year.

| | 31-03-2018 | 31-03-2017 |
|---|---|---|
| | € | € |
| **10 Debts to credit institutions** | | |
| Bank | 322,267 | - |
| **11 Trade creditors** | | |
| Trade creditors | 2,013,239 | 1,866,730 |
| **12 Liabilities to group companies** | | |
| Liabilities to group companies | 395,435 | 1,139,308 |
| **13 Taxes and social security premiums** | | |
| Wage tax | 70,688 | 90,919 |
| Pension premiums | - | 197 |
| | 70,688 | 91,116 |
| **14 Other liabilities and accrued expenses** | | |
| Holiday allowance | 238,430 | 239,749 |
| Bonus employees | 232,380 | 206,905 |
| Other liabilities | 166,835 | 49,632 |
| | 637,645 | 496,286 |

## Off-balance-sheet rights, obligations and arrangements

### Disclosure of off-balance sheet commitments

Tax losses carried forward
At balance sheet date, an amount of € 36,4 million tax losses (2016: € 25,8 million) is available for compensation. These losses can be offset against expected future fiscal profits for a period of nine years.

Obligations
The company has signed a rent contract for the rental of the property at the location Zutphenstraat 25, 27, 29, 37, 45, 47, and 51 7575 EJ Oldenzaal. The rent is € 150.000 (2016: € 150.000) per year excl. VAT. The rent mainly expires 31 July 2019.
The company has signed a lease contract for 4 cars. The lease is € 33.000 (2016: € 33.000) per year excl. VAT. The lease expires May 2021.

Bank facility
The current account overdraft facility at the bank amounts to € 500.000 as at 31 March 2018 (€ 500.000 as at 31 March 2017), and the interest rate is 4,35% plus the bank's RC Market mark-up plus 1-month EURIBOR. The security consists of right of pledge on company assets.

Product funding agreement
Based on a product funding agreement Nanomi has agreed to contingent liabilities which depend on the success of research projects. These liabilities consist of the repayment of funding which will only be due if the research projects are successful. A reliable estimate of the liabilities could not be made yet.

### Off-balance sheet liabilities relating to purchase commitments

At balance sheet date, there are other obligations (purchase) for an amount of € 0,8 million (2016: € 0,1 million).

### APPROPRIATION OF RESULT

The board of directors proposes, with the approval of the supervisory board, that the result for the financial year 1 April 2017 until 31 March 2018 amounting to €10,565,300 (negative) will be deducted from other reserves.

The financial statements reflect this proposal.

## NOTES TO THE STATEMENT OF INCOME AND EXPENSES

| | 2017 / 2018 | 2016 / 2017 |
|---|---|---|
| | € | € |
| **15 Other operating income** | | |
| Other operating income | 20,087 | - |

| | | |
|---|---|---|
| **16 Wages and salaries** | | |
| Gross wages and salaries | 2,147,371 | 2,027,413 |
| Mutation holiday allowance | 81,662 | 136,485 |
| Sickness benefit received | - | -11,316 |
| Grant received WBSO | -776,918 | -769,499 |
| | 1,452,115 | 1,383,083 |

**Average number of employees**
2017 / 2018

| | Number |
|---|---|
| Average number of employees | 37.00 |

2016 / 2017

| | Number |
|---|---|
| Average number of employees | 38.00 |

| | 2017 / 2018 | 2016 / 2017 |
|---|---|---|
| | € | € |
| **17 Social security premiums and pension costs** | | |
| Social security charges | 261,464 | 263,227 |
| Pension costs | 77,640 | 70,912 |
| | 339,104 | 334,139 |
| **18 Depreciation of tangible fixed assets** | | |
| Depreciation of tangible fixed assets | 1,318,140 | 857,151 |
| **Depreciation of tangible fixed assets** | | |
| Depreciation buildings | 166,795 | 120,353 |
| Depreciation plant and equipment | 1,151,345 | 736,798 |
| | 1,318,140 | 857,151 |
| **19 Other operating expenses** | | |
| Other staff expenses | 640,177 | 551,281 |
| Housing expenses | 227,088 | 223,669 |
| Selling expenses | 163,445 | 215,349 |
| Car expenses | 44,523 | 40,888 |
| Office expenses | 220,748 | 205,699 |
| General expenses | 437,405 | 125,485 |
| R&D expenses | 4,956,545 | 7,770,463 |
| | 6,689,931 | 9,132,834 |

| | 2017 / 2018 | 2016 / 2017 |
|---|---|---|
| | € | € |
| **20 Financial income and expense** | | |
| Interest income and similar revenues | 40,552 | 1,438 |
| Other interest and similar income | 40,304 | - |
| Interest and similar expenses | -866,953 | -520,087 |
| | -786,097 | -518,649 |
| **Interest income and similar revenues** | | |
| Interest on loan to contract manufacturing organization | 40,552 | 1,438 |
| **Other interest and similar income** | | |
| Exchange transactions in foreign currency | 40,304 | - |
| **Interest and similar expenses** | | |
| Interest loan Lupin Atlantis Holdings SA | 859,260 | 491,750 |
| Interest charges bank | 7,693 | 3,895 |
| Exchange transactions in foreign currency | - | 24,442 |
| | 866,953 | 520,087 |

Oldenzaal, 17 April 2018

T.R.A. Volle K.R. Nielsen O. Franssen

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To the board of directors of
Nanomi B.V.

**INDEPENDENT AUDITORS' REPORT**

**A. Report on the audit of the financial statements 1 April 2017 until 31 March 2018**

**Our opinion**
We have audited the financial statements for the year ended 31 March 2018 of Nanomi B.V., based in Oldenzaal.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Nanomi B.V. as at 31 March 2018, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 March 2018;
2. the profit and loss account for the year then ended; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

**Basis for our opinion**
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Nanomi B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

BAKER TILLY BERK

## B. Description of responsibilities regarding the financial statements

**Responsibilities of management for the financial statements**
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

**Our responsibilities for the audit of the financial statements**
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 this financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.
Our audit included e.g.:

- Identifying and assessing the risks of material misstatements of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements 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;

- Obtaining 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;

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Concluding on the appropriateness of the board'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 a company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

- Evaluating whether the financial statements represents the underlying transactions and events free from material misstatements.

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

Almelo, 17 April 2018

Baker Tilly Berk N.V.

Was getekend:

drs. G.J. Kamerling RA