

**NANOMI B.V.
AT OLDENZAAL**

FINANCIAL REPORT 1 APRIL 2021 UNTIL 31 MARCH 2022

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MANAGEMENT BOARD'S REPORT

MANAGEMENT BOARD'S REPORT

The Company makes use of the exemption to draw up the management report for 1 April 2021 until 31 March 2022 as referred to article 2:396 paragraph 7 of the Netherlands Civil Code.

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 MARCH 2022

(Before distribution of profit)

		31-03-2022		31-03-2021	
		\$	\$	\$	\$
ASSETS					
FIXED ASSETS					
Tangible fixed assets	1				
Buildings		565,255		593,067	
Plant and equipment		3,960,510		4,207,361	
Property, plant and equipment in progress and prepayments of property, plant and equipment		955,276		1,187,055	
		5,481,041		5,987,483	
Financial assets	2				
Participations in group companies	3	980,536,713		748,501,506	
Amounts due from group companies	4	8,000,000		6,000,000	
Other amounts receivable	5	-		9,820	
		988,536,713		754,511,326	
CURRENT ASSETS					
Receivables	6				
Receivables from group companies	7	-		8,000,000	
Receivables, prepayments and accrued income	8	3,111,391		3,499,539	
		3,111,391		11,499,539	
Cash and cash equivalents	9		340,881		2,158,938
Total assets		997,470,026		774,157,286	

		31-03-2022		31-03-2021	
		\$	\$	\$	\$
EQUITY AND LIABILITIES					
EQUITY					
	10				
Issued and paid-up capital	11	273,162,000		194,829,000	
Share premium reserve		417,323,050		260,656,050	
Other reserves		313,414,764		330,832,215	
Result for the year		-16,015,421		-17,417,451	
			987,884,393		768,899,814
LONG-TERM LIABILITIES					
Liabilities to group companies	12		4,500,000		-
CURRENT LIABILITIES					
Trade creditors	13	2,423,828		2,308,617	
Liabilities to group companies	14	724,461		1,879,895	
Taxes and social security premiums	15	35,695		33,676	
Other liabilities and accrued expenses	16	1,901,649		1,035,284	
			5,085,633		5,257,472
			997,470,026		774,157,286
Total equity and liabilities					

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 01-04-2021 UNTIL 31-03-2022

		2021 / 2022		2020 / 2021	
		\$	\$	\$	\$
Wages and salaries	17	1,784,607		1,808,352	
Social security premiums and pension costs	18	490,269		463,365	
Depreciation of tangible fixed assets	19	2,033,355		2,162,390	
Other operating expenses	20	10,637,965		13,261,104	
Sum of expenses			14,946,196		17,695,211
Operating result			-14,946,196		-17,695,211
Result on participations / subsidiaries	21	540,379		291,113	
Other interest and similar income	22	735,913		685,585	
Value changes of financial fixed assets	23	-1,979,293		-	
Interest and similar expenses	24	-366,224		-901,662	
Financial income and expense			-1,069,225		75,036
Result before tax			-16,015,421		-17,620,175
Taxation on result from ordinary business activities			-		-
			-16,015,421		-17,620,175
Share in result from participations	25		-		202,724
Result after tax			-16,015,421		-17,417,451

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, 7575 EJ in Oldenzaal. Nanomi B.V. is registered at the Chamber of Commerce under number 34270847.

GENERAL NOTES

The most important activities of the entity

Main activity of the entity is as a Holding and Financing Company. In addition to it the Company is involved in development of medical and pharmaceutical products

Disclosure of going concern

The COVID-19 pandemic has negatively affected global economy and business projections of many companies. Due to the nature of the business of Nanomi's parent, Lupin Ltd (Lupin), the impact of COVID-19 has had a positive effect for the Lupin Group. There are significant global efforts underway to diagnose, treat and prevent infections from the COVID-19 virus and therefore, Lupin's manufacturing plants are working on full capacity to be able to supply essential medicine for fighting the disease throughout the territories whereas Lupin is active.

The impact of COVID-19 on Nanomi's development programs has currently been assessed as being limited as no significant delay (exceeding 6 months) in the programs is expected. The Net Present Values are essentially not impacted by such delay. It must be noted that the actual impact will highly depend on how the pandemic will further evolve and to what extent the clinical risks can be mitigated.

The Board of Nanomi will continue to evaluate the potential impact that COVID-19 may have on the Company's financial position.

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

Disclosure of group structure

The company is a member of the Lupin Group. The ultimate parent company of this group is Lupin Limited, Mumbai, India (Lupin Limited). The financial statements of the Company are included in the consolidated financial statements of Lupin Limited.

The exemption of consolidation in connection with the application of Section 2:408

Consolidated Financial Statements have not been prepared, as is permitted by Article 408, Book 2 of the Netherlands Civil Code. Pursuant to the conditions of this article, the Company will file with the consolidated financial statements of its ultimate parent company, Lupin Limited, with the Trade Register of the Chamber of Commerce in Amsterdam.

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.

Conversion of amounts denominated in foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in US Dollar, which is the functional and presentation currency of the Company.

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement, unless hedge-accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date. Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

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. Company uses derivative financial instruments such as foreign exchange forward contracts are only used for hedging purposes to manage its exposure to foreign exchange risk.

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

Participating interests, including majority investments where significant influence can be exercised, are stated at acquisition cost in accordance with Article 214.325 of the Guideline for Annual Reporting in the Netherlands as issued by the Dutch accounting Standards Board, with reference to Part 9, Book 2, Article 408 of the Dutch Civil Code or in case of a permanent impairment of the value of the shares, it is measured at impaired value; any write-offs are disclosed in the income statement.

Other financial fixed assets (including securities) dedicated to serve the operations of the Company permanently, are valued at the lower of cost and market value.

Receivables recognized under financial fixed assets are initially valued at the fair value less transaction cost (if material). These receivables are subsequently valued at amortised cost. For determining the value, any impairments are taken into account.

Impairment of non-current assets

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised immediately in the income statement.

If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised. A reversal of an impairment loss is recognised immediately in the income statement.

Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts, if any, are shown as part of debts to lending institutions in current liabilities on the balance sheet. Cash and cash equivalents are carried at face value.

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.

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. 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	Property, plant and equipment in progress and prepayments of property, plant and equipment	Total
	\$	\$	\$	\$
Balance as at 1 April 2021				
Purchase price	1,756,510	12,568,348	1,187,055	15,511,913
Accumulated depreciation	-1,163,443	-8,360,987	-	-9,524,430
Book value as at 1 April 2021	593,067	4,207,361	1,187,055	5,987,483
Movements				
Additions	192,394	1,105,128	229,391	1,526,913
Depreciation	-231,942	-1,801,413	-	-2,033,355
Finished	11,736	449,434	-461,170	-
Disposals	-	-4,764	-	-4,764
Depreciation on disposals	-	4,764	-	4,764
Balance movements	-27,812	-246,851	-231,779	-506,442
Balance as at 31 March 2022				
Purchase price	1,960,639	14,118,145	955,276	17,034,060
Accumulated depreciation	-1,395,384	-10,157,635	-	-11,553,019
Book value as at 31 March 2022	565,255	3,960,510	955,276	5,481,041

The depreciation rate is 20%.

2 Financial assets

<u>31-03-2022</u>	<u>31-03-2021</u>
\$	\$

3 Participations in group companies

Hormosan Pharma GmbH (Germany)	19,877,866	19,877,866
Pharma Dynamics Ltd (South Africa)	116,617,237	116,617,237
Multicare Pharmaceutical Philippines Inc (Philippines)	4,145,913	4,145,913
Generic Health Pty Ltd (Australia)	20,036,589	20,036,589
Lupin Mexico SA de CV (Mexico)	764,581	764,581
Lupin Philippines Inc (Philippines)	998,044	998,044
Generic Health Sdn Bhd (Malaysia)	136,427	121,927
Medquimica Industria Farmaceutica LTDA (Brazil)	16,960,055	18,939,348
Lupin Inc (US)	801,000,001	567,000,001
	<u>980,536,713</u>	<u>748,501,506</u>

	<u>Aquisition cost</u>	<u>Impairment</u>	<u>Carrying value</u>
	\$	\$	\$
Name, Registered office			
Hormosan Pharma GmbH (Germany) - 100%	19,877,866	-	19,877,866
Pharma Dynamics Ltd (South Africa) - 100%	116,617,237	-	116,617,237
Multicare Pharmaceutical Inc (Philippines) 51%	4,145,913	-	4,145,913
Generic Health Pty Ltd (Australia) 100%	20,036,589	-	20,036,589
Lupin Mexico SA de CV (Mexico) 100%	764,581	-	764,581
Lupin Philippines Inc (Philippines) 100%	998,044	-	998,044
Generic Health Sdn Bhd (Malaysia) 100%	136,427	-	136,427
Medquimica Industria Farmaceutica LTDA (Brazil) 26,12%	18,939,348	-1,979,293	16,960,055
Lupin Inc (US) 100%	801,000,001	-	801,000,001
Total	<u>982,516,006</u>	<u>-1,979,293</u>	<u>980,536,713</u>

<u>2021 / 2022</u>	<u>2020 / 2021</u>
\$	\$

Hormosan Pharma GmbH (Germany)

Book value as at 1 April	19,877,866	19,877,866
Balance movements	-	-
Book value as at 31 March	<u>19,877,866</u>	<u>19,877,866</u>

Multicare Pharmaceutical Philippines Inc (Philippines)

Book value as at 1 April	4,145,913	4,145,913
Balance movements	-	-
Book value as at 31 March	<u>4,145,913</u>	<u>4,145,913</u>

Medquimica Industria Farmaceutica LTDA (Brazil)

Book value as at 1 April	18,939,348	18,939,348
Impairment	-1,979,293	-
Book value as at 31 March	<u>16,960,055</u>	<u>18,939,348</u>

	<u>2021 / 2022</u>	<u>2020 / 2021</u>
	\$	\$
Generic Health Sdn Bhd (Malaysia)		
Book value as at 1 April	121,927	121,927
Investments	14,500	-
Book value as at 31 March	<u>136,427</u>	<u>121,927</u>
Generic Health Pty Ltd (Australia)		
Book value as at 1 April	20,036,589	20,036,589
Balance movements	-	-
Book value as at 31 March	<u>20,036,589</u>	<u>20,036,589</u>
Lupin Mexico SA de CV (Mexico)		
Book value as at 1 April	764,581	764,581
Balance movements	-	-
Book value as at 31 March	<u>764,581</u>	<u>764,581</u>
Lupin Philippines Inc (Philippines)		
Book value as at 1 April	998,044	998,044
Balance movements	-	-
Book value as at 31 March	<u>998,044</u>	<u>998,044</u>
Pharma Dynamics Ltd (South Africa)		
Book value as at 1 April	116,617,237	116,617,237
Balance movements	-	-
Book value as at 31 March	<u>116,617,237</u>	<u>116,617,237</u>
Lupin Inc (US)		
Book value as at 1 April	567,000,001	300,000,001
Investments	234,000,000	267,000,000
Book value as at 31 March	<u>801,000,001</u>	<u>567,000,001</u>

In financial year 2021/2022 Nanomi made a contribution in cash to its wholly owned subsidiary Lupin Inc. in the amount of USD 234,000,000 which is regarded as an equity injection. As a result, Lupin Inc. issued 23,400 new shares to its shareholder (Nanomi B.V.) with a nominal value of USD 10,000 each.

	<u>31-03-2022</u>	<u>31-03-2021</u>
	\$	\$
4 Amounts due from group companies		
Loan Lupin Healthcare (UK) Ltd.	-	6,000,000
Loan Medquimica Industria Farmaceutica LTDA (Brazil)	8,000,000	-
	<u>8,000,000</u>	<u>6,000,000</u>

Loan Lupin Healthcare (UK) Ltd is denominated in USD.
The interest rate is 3.1% per annum.
The loan has been fully repaid in the financial year 2021/2022.

Loan Medquimica Industria Farmaceutica LTDA (Brazil)
The loan must be repaid before March 31, 2025.
The interest rate is 3.0% per annum.

5 Other amounts receivable

Prepaid Expences (LT)	-	9,820
	<u>-</u>	<u>9,820</u>

CURRENT ASSETS

6 Receivables

Receivables > 1 year

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

7 Receivables from group companies

Loan Medquimica	-	8,000,000
	<u>-</u>	<u>8,000,000</u>

The term of the loan has been extended. The loan is entirely long-term at the end of the financial year 2021/2022.

8 Other receivables and accrued income

Taxes and social securities	349,613	409,358
Other amounts receivable	2,372,380	2,741,902
Prepayments and accrued income	389,398	348,279
	<u>3,111,391</u>	<u>3,499,539</u>

Taxes and social securities

Value added tax	349,613	409,358
	<u>349,613</u>	<u>409,358</u>

Other amounts receivable

Reimbursements	2,372,380	2,612,519
Loan to contract manufacturing organization (ST)	-	129,246
Interest on time deposit	-	137
	<u>2,372,380</u>	<u>2,741,902</u>

	<u>31-03-2022</u>	<u>31-03-2021</u>
	\$	\$
9 Cash and cash equivalents		
MUFG Bank Ltd, Singapore - Current account	4,322	4,935
ING Bank N.V., the Netherlands - Current Account	72,385	837,022
Citibank International PLC, the Netherlands - Current Account	263,210	281,755
State Bank of India, London - Current Account	964	929
Time deposit State Bank of India, London	-	1,034,297
	<u>340,881</u>	<u>2,158,938</u>

The cash and cash equivalents are at the Company's free disposal.

10 Equity

Movements in equity were as follows:

	Issued and paid-up capital	Share pre- mium reser- ve	Other reserves	Result for the year	Total
	\$	\$	\$	\$	\$
Balance as at 1 April 2021	194,829,000	260,656,050	330,832,215	-17,417,451	768,899,814
Result for the year	-	-	-	-16,015,421	-16,015,421
Result appropriation	-	-	-17,417,451	17,417,451	-
Share issuance	78,333,000	156,667,000	-	-	235,000,000
Balance as at 31 March 2022	<u>273,162,000</u>	<u>417,323,050</u>	<u>313,414,764</u>	<u>-16,015,421</u>	<u>987,884,393</u>

Statement of the proposed appropriation of the result

The Board of Directors proposes that the result for the financial year 2021/2022 amounting to USD 16,015,421 (negative) will be deducted from other reserves.

The financial statements do not yet reflect this proposal.

11 Issued and paid-up capital

On 29 April, 2021 the Company issued 78,333 new shares with a nominal value of USD 1,000 against an issue price of USD 235,000,000. The difference between the nominal value of the issued shares and the issue price is regarded as share premium.

The Company's capital consists of one or more shares with a nominal value of USD 1,000 each. As at March 31, 2022, 273,162 shares are issued.

	<u>31-03-2022</u>	<u>31-03-2021</u>
	\$	\$
12 Liabilities to group companies		
Lupin Atlantis Holdings SA	4,500,000	-
	<u>4,500,000</u>	<u>-</u>

The limit of the credit line is USD 12,000,000. The credit line is granted for a duration of 36 months. The maturity date of the loan is 26 October 2024. The interest rate is 1,4% per annum.

13 Trade creditors

Trade creditor	2,423,828	2,308,617
	<u>2,423,828</u>	<u>2,308,617</u>

14 Liabilities to group companies

Lupin Research Inc.	525,913	1,574,156
Lupin Ltd.	93,764	210,915
Lupin Atlantis Holdings SA	23,216	10,055
Lupin Management Inc.	52,052	84,769
Hormosan Pharma GmbH	29,516	-
	<u>724,461</u>	<u>1,879,895</u>

	<u>2021 / 2022</u>	<u>2020 / 2021</u>
	\$	\$

Lupin Research Inc.

Balance as at 1 April		
Principal amount	1,574,156	-
Balance as at 1 April	<u>1,574,156</u>	<u>-</u>

Movements		
To be allocated	-1,048,243	1,574,156
	<u>-1,048,243</u>	<u>1,574,156</u>
Balance as at 31 March		
Principal amount	525,913	1,574,156
Balance as at 31 March	<u>525,913</u>	<u>1,574,156</u>

	<u>2021 / 2022</u>	<u>2020 / 2021</u>
	\$	\$
<i>Lupin Ltd.</i>		
Balance as at 1 April		
Principal amount	210,915	-
Balance as at 1 April	<u>210,915</u>	<u>-</u>
Movements		
To be allocated	<u>-117,151</u>	<u>210,915</u>
Balance as at 31 March		
Principal amount	93,764	210,915
Balance as at 31 March	<u>93,764</u>	<u>210,915</u>
<i>Lupin Atlantis Holdings SA</i>		
Balance as at 1 April		
Principal amount	10,055	-
Balance as at 1 April	<u>10,055</u>	<u>-</u>
Movements		
To be allocated	<u>13,161</u>	<u>10,055</u>
Balance as at 31 March		
Principal amount	23,216	10,055
Balance as at 31 March	<u>23,216</u>	<u>10,055</u>
<i>Lupin Management Inc.</i>		
Balance as at 1 April		
Principal amount	84,769	-
Balance as at 1 April	<u>84,769</u>	<u>-</u>
Movements		
To be allocated	<u>-32,717</u>	<u>84,769</u>
Balance as at 31 March		
Principal amount	52,052	84,769
Balance as at 31 March	<u>52,052</u>	<u>84,769</u>

	<u>2021 / 2022</u>	<u>2020 / 2021</u>
	\$	\$
Hormosan Pharma GmbH		
Balance as at 1 April	-	-
	<u> </u>	<u> </u>
Movements		
To be allocated	29,516	-
	<u> </u>	<u> </u>
Balance as at 31 March		
Principal amount	29,516	-
	<u> </u>	<u> </u>
Balance as at 31 March	29,516	-
	<u> </u>	<u> </u>
15 Taxes and social security premiums		
Wage tax	27,571	28,901
Pension premiums	8,124	4,775
	<u> </u>	<u> </u>
	35,695	33,676
	<u> </u>	<u> </u>
16 Other liabilities and accrued expenses		
Bonus employees	298,401	392,694
Holiday allowance	314,192	350,614
Other amounts payable	1,289,056	291,976
	<u> </u>	<u> </u>
	1,901,649	1,035,284
	<u> </u>	<u> </u>

Off-balance-sheet rights, obligations and arrangements

Disclosure of off-balance sheet commitments

Tax losses carried forward:

Lupin Holdings B.V. and the former Nanomi B.V. merged on 1 October 2019, with retroactive effect until 1 April 2019. In the years 2014 until 2018/2019, the former Nanomi B.V. realised losses up to USD 56,827,578. These losses are so-called 'pre-merger losses'. The pre-merger losses can only be offset against positive results of the relevant company post-merger. In the year Nanomi B.V. will report a taxable profit, a profit split should be made in order to determine which amount of losses may be set off. The losses are qualified as regular losses and are available for carry forward for nine book years as from the year realised.

In the years 2019 until 2021/2022 the Company realised fiscal losses up to USD 46,406,403 (2020/2021 USD 31,800,000) after the merger took place. These losses can be set off without profit-split. Losses incurred in financial years starting on or after 1 January 2019 can be carried forward for a maximum of six financial years. Losses incurred before 2019 can be carried for a maximum period of nine financial years. From financial years starting on or after 1 January 2022 (i.e. for BV for the financial year 2022/2023), the limitation in time of loss carry forward of six years will be abolished, which means that losses will be available to offset future taxable profits for an indefinite period.

Obligations:

The Company has signed a rental contract of the property at the location Zutphenstraat 25, 27, 29, 37, 31, 45, 47, 51 and 63 7575 EJ Oldenzaal. The rent is USD 254,000 (2020-2021: USD 260,000) per year excl. VAT. The rent mainly expires 31 July 2022 and 30 September 2024.

The company has signed a lease contract for 8 cars. The lease is USD 110,000 (2020-2021: USD 107,000) per year excl. VAT. The lease expires October 2024.

Bank facility:

The current account overdraft facility at the bank amounts to USD 550,000 as at 31 March 2022 (USD 550,000 as at 31 March 2021), and the interest rate is 3,65% 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.

The nature of off-balance sheet liabilities

Claims:

In the 2021/2022 financial year, an international arbitration was filed against the Company for the sale of one of its participating interests in August 2019. In the arbitration, the purchasing party claimed that certain representations and warranties under the share purchase agreement have been breached. The uncertainty of the outcome of the pending claims is between nil and USD 8,150,000 including legal costs. Nanomi disagrees with the claim. The substantive hearing of the arbitration is scheduled for March 2023. Management believes that at this stage of the arbitration, it would be premature to provide an assessment of the outcome and/or financial implications of the arbitration. Legal costs are charged to the profit and loss account.

Off-balance sheet liabilities relating to purchase commitments

At balance sheet date, there are other obligations (purchase) for an amount of USD 1,848,000 (2020-2021: USD 1,730,000).

NOTES TO THE STATEMENT OF INCOME AND EXPENSES

	<u>2021 / 2022</u>	<u>2020 / 2021</u>
	\$	\$
17 Wages and salaries		
Gross wages and salaries	2,667,515	2,529,750
Mutation holiday allowance	-27,241	230,936
Grant received RDA	-855,667	-952,334
	<u>1,784,607</u>	<u>1,808,352</u>
18 Social security premiums and pension costs		
Social security charges	366,965	343,223
Pension costs	123,304	120,142
	<u>490,269</u>	<u>463,365</u>
19 Depreciation of tangible fixed assets		
Depreciation of property, plant and equipment	<u>2,033,355</u>	<u>2,162,390</u>
Depreciation of property, plant and equipment		
Depreciation buildings	231,942	269,473
Depreciation plant and equipment	1,801,413	1,892,917
	<u>2,033,355</u>	<u>2,162,390</u>
20 Other operating expenses		
Other expenses of employee benefits	187,577	482,416
Housing expenses	362,170	359,128
Selling expenses	53,080	46,472
Car expenses	115,663	118,574
Office expenses	442,766	592,907
General expenses	1,512,753	1,017,400
R&D expenses	7,963,956	10,644,207
	<u>10,637,965</u>	<u>13,261,104</u>
21 Result on participations / subsidiaries		
Dividend received from participations / subsidiaries	<u>540,379</u>	<u>291,113</u>
Dividend received from participations / subsidiaries		
Multicare Pharmaceuticals Philippines Inc	<u>540,379</u>	<u>291,113</u>
22 Other interest and similar income		
Interest income from group companies	282,741	375,861
Withholding tax	292,092	-
Other interest received	161,080	309,724
	<u>735,913</u>	<u>685,585</u>

	<u>2021 / 2022</u>	<u>2020 / 2021</u>
	\$	\$
Interest liabilities to group companies		
Interest Lupin Atlantis Holdings SA	17,510	494,813
	<u> </u>	<u> </u>
Withholding tax		
Interest tax authorities	-	29,054
	<u> </u>	<u> </u>
Interest tax authorities		
Withholding tax on dividend received	-	29,054
Withholding tax on interest accrued and received	-	-
	<u> </u>	<u> </u>
Total	-	29,054
	<u> </u>	<u> </u>
Other interest expenses		
Interest expense banks	347,630	358,082
Exchange differences (unrealized)	-	130
Other interest expenses	1,084	19,583
	<u> </u>	<u> </u>
	<u>348,714</u>	<u>377,795</u>
	<u> </u>	<u> </u>
25 Share in result from participations		
Result on sales Kyowa Pharmaceutical Industry Co Ltd	-	202,724
	<u> </u>	<u> </u>

A capital gain tax of USD nil (2019/2020: USD 137,033) has been paid to the Japanese tax authority has been deducted from the recognised result from participations.

OTHER NOTES

Average number of employees

	<u>2021 / 2022</u>	<u>2020 / 2021</u>
Average number of employees over the period working in the Netherlands	42.00	39.00
Average number of employees over the period	<u>42.00</u>	<u>39.00</u>

Oldenzaal, 10 May 2022
Nanomi B.V.

S. Makharia
Executive Director

O. Franssen
Executive Director

T.R.A. Volle
Executive Director

J.P.V.G. Visser
Executive Director

C.A. Mundkur
Non-Executive Director

R.H.E. Friesen
Non-Executive Director

Auditors



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To the board of directors
Nanomi B.V.

INDEPENDENT AUDITORS' REPORT

A. Report on the audit of the financial statements 1 April 2021 until 31 March 2022

Our opinion

We have audited the financial statements for the year ended 31 March 2022 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 2022, and of its result for the period 1 April 2021 until 31 March 2022 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 2022;
2. the profit and loss account for 1 April 2021 until 31 March 2022; 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.

B. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

The 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 misstatements, 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 these 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 among others:

- Identifying and assessing the risks of material misstatement 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 misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- 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 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 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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, 10 May 2022

Baker Tilly (Netherlands) N.V.

Original has been signed by:

drs. G.J. Kamerling RA