

**NANOMI B.V.**  
**AT OLDENZAAL**

**FINANCIAL REPORT 1 APRIL 2020 UNTIL 31 MARCH 2021**

**FINANCIAL STATEMENTS**

**BALANCE SHEET AS AT 31 MARCH 2021**  
*(Before distribution of profit)*

		31-03-2021	31-03-2020
		\$	\$
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
<b>Tangible fixed assets</b>	1		
Buildings		593,067	544,088
Plant and equipment		4,207,361	4,647,583
Assets under construction		1,187,055	1,585,154
		<u>5,987,483</u>	<u>6,776,825</u>
<b>Financial assets</b>	2		
Participations in group companies	3	748,501,506	481,501,506
Amounts due from group companies	4	6,000,000	6,000,000
Other amounts receivable	5	9,820	176,165
		<u>754,511,326</u>	<u>487,677,671</u>
<b>CURRENT ASSETS</b>			
<b>Receivables</b>	6		
Receivables from group companies	7	8,000,000	5,000,000
Receivables, prepayments and accrued income	8	3,499,539	10,563,694
		<u>11,499,539</u>	<u>15,563,694</u>
<b>Cash and cash equivalents</b>	9	2,158,938	97,302,239
<b>Total assets</b>		<u><u>774,157,286</u></u>	<u><u>607,320,429</u></u>

		31-03-2021	31-03-2020
		\$	\$
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
	10		
Share capital paid	11	194,829,000	115,070,903
Share premium reserve		260,656,050	73,414,147
Other reserves		330,832,215	21,916,105
Result for the year		-17,417,451	308,916,110
		<u>768,899,814</u>	<u>519,317,265</u>
<b>LONG-TERM LIABILITIES</b>			
	12		
Liabilities to other participations	13	-	49,276,000
<b>CURRENT LIABILITIES</b>			
	14		
Trade creditors	15	2,308,617	3,827,334
Liabilities to group companies	16	1,879,895	1,834,710
Taxes and social security premiums	17	33,676	32,206,505
Other liabilities and accrued expenses	18	1,035,284	858,615
		<u>5,257,472</u>	<u>38,727,164</u>
Total liabilities		<u><u>774,157,286</u></u>	<u><u>607,320,429</u></u>

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD 01-04-2020 UNTIL 31-03-2021**

		2020 / 2021		2019 / 2020	
		\$	\$	\$	\$
Wages and salaries	19	1,808,352		1,708,785	
Social security premiums and pension costs	20	463,365		423,448	
Depreciation of tangible fixed assets	21	2,162,390		2,138,609	
Other operating expenses	22	13,261,104		17,632,497	
<b>Sum of expenses</b>			17,695,211		21,903,339
<b>Operating result</b>			-17,695,211		-21,903,339
Result on participations / subsidiaries	23	291,113		220,514,441	
Other interest and similar income	24	685,585		4,422,699	
Interest and similar expenses	25	-901,662		-10,913,333	
<b>Financial income and expense</b>			75,036		214,023,807
<b>Result before tax</b>			-17,620,175		192,120,468
Taxation on result from ordinary business activities	26		-		1,342,488
			-17,620,175		193,462,956
Share in result from participations	27		202,724		115,453,154
<b>Result after tax</b>			-17,417,451		308,916,110

## **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 outbreak during 2020-2021 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. The financial statements of the Company are included in the financial statements of Lupin Limited, Mumbai, India.

#### **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 Trade Register of the Chamber of Commerce in Amsterdam the consolidated financial statements of its ultimate parent company Lupin Limited, Mumbai, India.

## **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 USD, 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.



### **Provision for tax liabilities**

Deferred income tax assets and liabilities are recognized provide for temporary differences between the tax bases of assets and liabilities, and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deffered income tax assets are deductible temporary differences and available fiscal losses are recongnised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and fiscal losses can be utilised.

Deferred income tax is provided on temporary differences arising on investments in group companies, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax balances are valued at nominal value.

### **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	Assets under construction	Total
	\$	\$	\$	\$
Balance as at 1 April 2020				
Purchase price	1,407,873	10,954,645	1,585,154	13,947,672
Accumulated depreciation	-863,785	-6,307,062	-	-7,170,847
Book value as at 1 April 2020	544,088	4,647,583	1,585,154	6,776,825
<b>Movements</b>				
Additions	-	-	1,380,416	1,380,416
Depreciation	-269,473	-1,892,917	-	-2,162,390
Finished	318,452	1,460,063	-1,778,515	-
Disposals	-	-81,823	-	-81,823
Depreciation on disposals	-	74,455	-	74,455
Balance movements	48,979	-440,222	-398,099	-789,342
Balance as at 31 March 2021				
Purchase price	1,756,510	12,650,171	1,187,055	15,593,736
Accumulated depreciation	-1,163,443	-8,442,810	-	-9,606,253
Book value as at 31 March 2021	593,067	4,207,361	1,187,055	5,987,483

The depreciation rate is 20%

## 2 Financial assets

	31-03-2021	31-03-2020
	\$	\$
<b>3 Participations in group companies</b>		
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)	121,927	121,927
Medquimica Industria Farmaceutica LTDA (Brazil)	18,939,348	18,939,348
Lupin Inc (US)	567,000,001	300,000,001
	<u>748,501,506</u>	<u>481,501,506</u>

	Aquisition cost	Impairment	Carrying value
	\$	\$	\$
Name, Registered office			
Kyowa Pharmaceutical Industry Co. Ltd (Japan) (sold)	-	-	-
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%	121,927	-	121,927
Medquimica Industria Farmaceutica LTDA (Brazil) 26,12%	18,939,348	-	18,939,348
Lupin Inc (US) 100%	567,000,001	-	567,000,001
Lupin Pharma LL (Russia) (liquidated)	-	-	-
Total	<u>748,501,506</u>	<u>-</u>	<u>748,501,506</u>

	2020 / 2021	2019 / 2020
	\$	\$
<b>Kyowa Pharmaceutical Industry Co. Ltd (Japan)</b>		
Book value as at 1 April	-	49,626,667
Divestment of participation	-	-49,626,667
Book value as at 31 March	<u>-</u>	<u>-</u>

Kyowa Pharmaceutical Industry Co. Participation Ltd.  
was sold on December 17, 2019.

### **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>

	2020 / 2021	2019 / 2020
	\$	\$
<b>Multicare Pharmaceutical Philippines Inc (Philippines)</b>		
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>
<b>Medquimica Industria Farmaceutica LTDA (Brazil)</b>		
Book value as at 1 April	18,939,348	3,919,348
Investments	-	15,020,000
Book value as at 31 March	<u>18,939,348</u>	<u>18,939,348</u>
<b>Generic Health Sdn Bhd (Malaysia)</b>		
Book value as at 1 April	121,927	105,427
Investments	-	16,500
Book value as at 31 March	<u>121,927</u>	<u>121,927</u>
<b>Generic Health Pty Ltd (Australia)</b>		
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>
<b>Lupin Mexico SA de CV (Mexico)</b>		
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>
<b>Lupin Philippines Inc (Philippines)</b>		
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>
<b>Pharma Dynamics Ltd (South Africa)</b>		
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>

	<u>2020 / 2021</u>	<u>2019 / 2020</u>
	\$	\$
<b><i>Lupin Pharma LLC (Russia)</i></b>		
Book value as at 1 April	-	1
Disposal participation	-	-1
Book value as at 31 March	<u>-</u>	<u>-</u>

Company's subsidiary Lupin Pharma LLC Russia was liquidated Augustus, 2019

***Lupin Inc (US)***

Book value as at 1 April	300,000,001	-
Investments	267,000,000	300,000,001
Book value as at 31 March	<u>567,000,001</u>	<u>300,000,001</u>

During the financial year 2019/2020, 100% of the shares were acquired from Lupin Atlantis Holding for USD 1,- and on March 31, 2020 a loan of USD 300 million was converted into Equity.

In addition in financial year 2020/2021 Nanomi issued 89,000 new shares to its shareholder (Lupin Ltd.) with a nominal value of USD 1,000 each. The shareholder of Nanomi transferred an amount of USD 267 million to Nanomi for (i) paying up 89,000 newly issued shares with a nominal value of USD 1,000 each; and (ii) a share premium contribution in the amount of USD 178,000,000 on these newly issued shares.

Thereafter Nanomi made a contribution in cash to its wholly owned subsidiary Lupin Inc. in the amount of USD 267,000,000 which is regarded as an equity injection. As a result, Lupin Inc. issued 26,700 new shares to its shareholder (Nanomi B.V.) with a nominal value of USD 10,000 each.

	<u>31-03-2021</u>	<u>31-03-2020</u>
	\$	\$
<b>4 Amounts due from group companies</b>		
Loan Lupin Healthcare (UK) Ltd.	<u>6,000,000</u>	<u>6,000,000</u>

The loan is denominated in USD. The loan to Lupin Healthcare (UK) Ltd (former Lupin (Europe) Ltd) is provided for unlimited period. The interest rate is 3.1% per annum.

**5 Other amounts receivable**

Loan to contract manufacturing organization (LT)	-	166,964
Prepaid Expences (LT)	9,820	9,201
	<u>9,820</u>	<u>176,165</u>

**CURRENT ASSETS**

**6 Receivables**

**Receivables > 1 year**

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

	<u>31-03-2021</u>	<u>31-03-2020</u>
	\$	\$
<b>7 Receivables from group companies</b>		
Loan Medquimica	8,000,000	5,000,000

The loan must be repaid before 31 March 2022.

The interest rate is 3.0% per annum.

**8 Other receivables and accrued income**

Taxes and social securities	409,358	843,035
Interest on loans from group companies	-	714,583
Other amounts receivable	2,741,902	8,730,019
Prepayments and accrued income	348,279	276,057
	<u>3,499,539</u>	<u>10,563,694</u>

***Taxes and social securities***

Value added tax	409,358	843,035
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**Interest on loans from group companies**

Interest on Loan Lupin Inc.	-	714,583
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***Other amounts receivable***

Result to be received on sale of participation	-	6,206,919
Reimbursements	2,612,519	1,990,602
Loan to contract manufacturing organization (ST)	129,246	342,975
Interest on time deposit	137	99,709
Dividend to be received	-	89,814
	<u>2,741,902</u>	<u>8,730,019</u>

The contract manufacturing organization shall reimburse the loan (maximum USD 1,488,552) in monthly installments to Nanomi B.V., starting September 2017 until September 2021 (period = 48 months.)

First installment will be USD 39,636 further installments will be USD 30,828. The receivable is entirely current at the end of the 2020-2021 financial year.

	31-03-2021	31-03-2020
	\$	\$
<b>9 Cash and cash equivalents</b>		
MUFG Bank Ltd, Singapore - Current account	4,935	31,988,394
ING Bank N.V., the Netherlands - Current Account	837,022	3,288,368
Citibank International PLC, the Netherlands - Current Account	281,755	399,527
State Bank of India, London - Current Account	929	236
Time deposit State Bank of India, London	1,034,297	61,625,714
	<u>2,158,938</u>	<u>97,302,239</u>

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

## 10 Equity

Movements in equity were as follows:

	Share capital paid	Share pre- mium reserve	Other reserves	Result for the year	Total
	\$	\$		\$	\$
Balance as at 1 April 2020	115,070,903	73,414,147	21,916,105	308,916,110	519,317,265
Result appropriation	-	-		-308,916,110	-308,916,110
Result for the year	-	-		-17,417,451	-17,417,451
Result appropriation	-	-	308,916,110	-	308,916,110
Share issuance	89,000,000	178,000,000		-	267,000,000
Conversion nominal value of shares	-9,241,903	9,241,903		-	-
Balance as at 31 March 2021	<u>194,829,000</u>	<u>260,656,050</u>	<u>330,832,215</u>	<u>-17,417,451</u>	<u>768,899,814</u>

## 11 Share capital paid

On May 11, 2020 the Company changed the nominal value per share from EUR 1,000 to USD 1,000. The total difference between the original and new nominal value of in total EUR 8,550,983.20 against a USD/EUR rate of 1.0808 has been added to the share premium reserve (USD 9,241,903). On the same day the Company issued 89,000 new shares with a nominal value of USD 1,000 against an issue price of USD 267,000,000. 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, 2021 194,829 shares are issued.



**Deferred tax liabilities**

	<u>2020 / 2021</u>	<u>2019 / 2020</u>
	\$	\$
Balance as at 1 April	-	1,293,398
Decrease	-	-1,293,398
Balance as at 31 March	<u>-</u>	<u>-</u>

The deferred corporate income tax charge was fully related to unrealized exchange profits for a total relating to loan receivables. At the end of the 2020/2021 financial year, no loans were recognised in currencies other than USD. Therefore, no deferred tax liabilities on unrealized exchange profit are recognised.

**12 Long-term liabilities**

	<u>31-03-2021</u>	<u>31-03-2020</u>
	\$	\$
<b>13 Liabilities to other participations</b>		
Lupin Atlantis Holdings SA	-	49,276,000

After the merger of Nanomi B.V. and Lupin Holdings B.V. the receivables and payables on Lupin Atlantis Holding SA were settled on 11 February 2020 by means of a set-off agreement. The applicable interest rate on the New Payable is 3.1% and the maturity date of the loan is 11 October 2024.

The loan was fully repaid in the financial year.

**14 Current liabilities**

	<u>31-03-2021</u>	<u>31-03-2020</u>
	\$	\$
<b>15 Trade creditors</b>		
Trade creditor	2,308,617	3,827,334
<b>16 Liabilities to group companies</b>		
Liabilities to group companies	1,879,895	1,834,710
<b>17 Taxes and social security premiums</b>		
Corporate income tax	-	31,994,084
Wage tax	28,901	173,373
Pension premiums	4,775	39,048
	<u>33,676</u>	<u>32,206,505</u>

Corporate income tax is related to liability with the Japanese tax authorities due to divestment of Kyowa Pharmaceuticals.

**18 Other liabilities and accrued expenses**

Bonus employees	392,694	285,926
Holiday allowance	350,614	260,638
Other amounts payable	291,976	312,051
	<u>1,035,284</u>	<u>858,615</u>

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

### **Disclosure of off-balance sheet commitments**

#### **Tax losses carried forward:**

Lupin Holding B.V. and the former Nanomi B.V. merged on 1 October 2019, with retroactive effect until 1 April 2019. In the years 2013 until 2018/2019, the former Nanomi B.V. realised losses up to USD 56,900,000. 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 2020/2021 Nanomi B.V. realised fiscal losses up to USD 31,800,000 after the merger took place. These losses can be set off without profit-split. Losses incurred in financial years starting 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.

#### **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 260,000 (2019-2020: USD 211,000) per year excl. VAT. The rent mainly expires 31 July 2021 and 30 September 2024.

The company has signed a lease contract for 8 cars. The lease is USD 107,000 (2019-2020: USD 72,000) 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 2021 (USD 550,000 as at 31 March 2020), 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.

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

At balance sheet date, there are other obligations (purchase) for an amount of USD 1,730,000 (2019-2020: USD 1,300,000).

### **Subsequent events**

At the end of April 2021, Nanomi issued 78,333 new shares to its shareholder (Lupin Ltd.) with a nominal value of USD 1,000 each. The shareholder of Nanomi transferred an amount of USD 235 million to Nanomi for (i) paying up 78.333 newly issued shares with a nominal value of USD 1,000 each; and (ii) a share premium contribution in the amount of USD 156,667,000 on these newly issued shares.

Thereafter 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 1,000 each.

## **APPROPRIATION OF RESULT**

The Board of Directors proposes that the result for the financial year 2020/2021 amounting to USD 17,417,451 (negative) will be deducted from other reserves.

The financial statements do not yet reflect this proposal.

**NOTES TO THE STATEMENT OF INCOME AND EXPENSES**

	<u>2020 / 2021</u>	<u>2019 / 2020</u>
	\$	\$
<b>19 Wages and salaries</b>		
Gross wages and salaries	2,529,750	2,461,850
Mutation holiday allowance	230,936	-20,218
Grant received RDA	-952,334	-732,847
	<u>1,808,352</u>	<u>1,708,785</u>
<b>Average number of employees</b>		
2020 / 2021		<u>Number</u>
Average number of employees		39.00
2019 / 2020		<u>Number</u>
Average number of employees		37.00
	<u>2020 / 2021</u>	<u>2019 / 2020</u>
	\$	\$
<b>20 Social security premiums and pension costs</b>		
Social security charges	343,223	313,592
Pension costs	120,142	109,856
	<u>463,365</u>	<u>423,448</u>
<b>21 Depreciation of tangible fixed assets</b>		
Depreciation of property, plant and equipment	<u>2,162,390</u>	<u>2,138,609</u>
<b>Depreciation of property, plant and equipment</b>		
Depreciation buildings	269,473	254,030
Depreciation plant and equipment	1,892,917	1,884,579
	<u>2,162,390</u>	<u>2,138,609</u>
<b>22 Other operating expenses</b>		
Other expenses of employee benefits	482,416	637,763
Housing expenses	359,128	288,577
Selling expenses	46,472	203,303
Car expenses	118,574	77,951
Office expenses	592,907	489,355
General expenses	1,017,400	1,344,714
R&D expenses	10,644,207	14,590,834
	<u>13,261,104</u>	<u>17,632,497</u>

	2020 / 2021	2019 / 2020
	\$	\$
<b>23 Result on participations / subsidiaries</b>		
Liquidation of participation / subsidiary	-	-1
Dividend received from participations / subsidiaries	291,113	220,514,442
	<u>291,113</u>	<u>220,514,441</u>
<b>Liquidation of participation / subsidiary</b>		
Lupin Pharma LLC (Russia)	-	-1
	<u>-</u>	<u>-1</u>
<b>Dividend received from participations / subsidiaries</b>		
Multicare Pharmaceuticals Philippines Inc	291,113	373,058
Pharma Dynamics (Proprietary) Ltd	-	44,065,896
Kyowa Pharmaceutical Industry Co. Ltd	-	176,075,488
	<u>291,113</u>	<u>220,514,442</u>
<b>24 Other interest and similar income</b>		
Interest of receivables from group companies	375,861	1,605,950
Other interest received	309,724	2,816,749
	<u>685,585</u>	<u>4,422,699</u>
<b>Interest of receivables from group companies</b>		
Interest income Lupin Inc.	-	714,583
Interest income Lupin Healthcare (UK) Ltd	186,000	186,000
Interest income Medquimica Undustria Farmaceutica LTDA	189,861	60,587
Interest income Lupin Pharma Canada Ltd	-	8,675
Interest income Lupin Atlantis Holdings SA	-	636,105
	<u>375,861</u>	<u>1,605,950</u>
<b>Other interest received</b>		
Exchange differences (realized)	-	1,133,291
Exchange differences (unrealized)	33,321	80,337
Interest income on time deposit	263,088	1,579,292
Other interest and similar income	13,315	23,829
	<u>309,724</u>	<u>2,816,749</u>
<b>25 Interest and similar expenses</b>		
Interest liabilities to group companies	494,813	1,561,233
Withholding tax	29,054	9,008,646
Other interest expenses	377,795	343,454
	<u>901,662</u>	<u>10,913,333</u>

	<u>2020 / 2021</u>	<u>2019 / 2020</u>
	\$	\$
<b>Interest liabilities to group companies</b>		
Interest Lupin Atlantis Holdings SA	494,813	1,561,233
	<u>                    </u>	<u>                    </u>
<b>Withholding tax</b>		
Interest tax authorities	29,054	9,008,646
	<u>                    </u>	<u>                    </u>
<b>Interest tax authorities</b>		
Withholding tax on dividend received	29,054	9,005,348
Withholding tax on interest accrued and received	-	3,298
Total	<u>29,054</u>	<u>9,008,646</u>
	<u>                    </u>	<u>                    </u>
	<u>2020 / 2021</u>	<u>2019 / 2020</u>
	\$	\$
<b>Other interest expenses</b>		
Interest expense banks	358,082	336,265
Exchange differences (unrealized)	130	-
Other interest expenses	19,583	7,189
	<u>377,795</u>	<u>343,454</u>
	<u>                    </u>	<u>                    </u>
<b>26 Taxation on result from ordinary business activities</b>		
Corporate income tax	-	49,050
Deferred income tax expense	-	1,293,398
Total	<u>-</u>	<u>1,342,448</u>
	<u>                    </u>	<u>                    </u>
<b>27 Share in result from participations</b>		
Result on sales Kyowa Pharmaceutical Industry Co Ltd	<u>202,724</u>	<u>115,453,154</u>
	<u>                    </u>	<u>                    </u>

A capital gain tax of USD 137,033 (2018/2019: USD 32,256,663) to be paid to the Japanese tax authority has been deducted from the recognised result from participations.

Oldenzaal, 29 April 2021  
Nanomi B.V.

S. Makharia

J.P.V.G. Visser

S. Heuckeroth

C.A. Mundkur

O. Franssen

T.R.A. Volle

Auditors



Baker Tilly (Netherlands) N.V.  
Adastraat 7  
PO Box 582  
7600 AN Almelo

T: +31 (0)546 82 70 00

almelo@bakertilly.nl  
[www.bakertilly.nl](http://www.bakertilly.nl)

KvK: 24425560

To the Board of Directors  
Nanomi B.V.

## **INDEPENDENT AUDITORS' REPORT**

### **A. Report on the audit of the financial statements 1 April 2020 until 31 March 2021**

#### **Our opinion**

We have audited the financial statements for the year ended 31 March 2021 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 2021, and of its result for the period 1 April 2020 until 31 March 2021 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 2021;
2. the profit and loss account for 1 April 2020 until 31 March 2021; 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 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 among others:

- 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 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 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, 29 April 2021

Baker Tilly (Netherlands) N.V.

Was signed:

drs. G.J. Kamerling RA