

PHARMA DYNAMICS PROPRIETARY LIMITED
SUMMARY ANNUAL FINANCIAL STATEMENTS
AT
31 MARCH 2023

(This copy of the Summary Financial Statements is consistent in all aspects with the Audited Annual Financial Statements which is dated 5 May 2023, except that the prescribed officers' remuneration disclosure has been excluded)

PHARMA DYNAMICS PROPRIETARY LIMITED**SUMMARY ANNUAL FINANCIAL STATEMENTS AT 31 MARCH 2023****DIRECTORS**

CF Roos
 T R Volle*#
 S Makharia*##
 S Mumtaz*##
 D Chakravorty*##&

* Non-executive director

Foreign resident

& Resigned 30 September 2022

NATURE OF BUSINESS

Distributors of generic medicines

INCORPORATION

The Company is incorporated in the Republic of South Africa

HOLDING COMPANY

Nanomi B.V. (incorporated in the Netherlands)

ULTIMATE HOLDING COMPANY

Lupin Ltd (incorporated in India)

REGISTERED OFFICE

1st Floor, Grapevine House
 Steenberg Office Park
 Silverwood Close
 Westlake
 7945

POSTAL ADDRESS

P O Box 30958
 Tokai
 7966

REGISTRATION NUMBER

2001/001124/07

BANKERS

Standard Bank

AUDITORS

Ernst & Young Inc.

The preparation of the annual financial statements was supervised by P C Engelbrecht.

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APPROVAL OF SUMMARY ANNUAL FINANCIAL STATEMENTS

The summary annual financial statements set out on pages 4 to 44 were approved by the board of directors on 5 May 2023 and are signed on its behalf by:

C F ROOS

Independent Auditor's Report

To the Shareholder of Pharma Dynamics Proprietary Limited

Report on the Summary Financial Statements

Opinion

The summary annual financial statements of Pharma Dynamics Proprietary Limited, which comprise the summary statement of financial position as at 31 March 2023, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, and the related notes, set out on pages 7 to 43 are derived from the audited annual financial statements of Pharma Dynamics Proprietary Limited for the year ended 31 March 2023.

In our opinion, the accompanying summary annual financial statements, are consistent, in all material respects with the audited annual financial statements in accordance with International Financial Reporting Standards.

Summary financial statements

The summary annual financial statements do not contain all the disclosure required for annual financial statements by the Companies Act of South Africa. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited annual financial statements and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited annual financial statements for the year ended 31 March 2023 in our report dated 5 May 2023.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 44-page document titled "Pharma Dynamics Proprietary Limited Summary Annual Financial Statements at 31 March 2023", which includes the Report of the Directors and the Company Secretary Statement as well as the unaudited schedule of operating expenses. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the summary annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the summary annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the summary annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Director's responsibility for the summary financial statements

The company's directors are responsible for the preparation of the summary annual financial statements in accordance with the requirements of International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary annual financial statements are consistent, in all material respects, with the audited annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Ernst & Young Inc.

Director: Craig John Ellis
Chartered Accountant (SA)
Registered Auditor
Cape Town
5 May 2023

PHARMA DYNAMICS PROPRIETARY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2023

The directors have pleasure in submitting the annual financial statements for the year ended 31 March 2023.

PERFORMANCE HIGHLIGHTS

The 2023 financial year was particularly challenging for Pharma Dynamics. As an importer of products from across the world, the emergence and persistence of high inflation in the Eurozone, post the war in Ukraine, has had a negative impact on our overall product cost base. We were still dealing with the fallout of the COVID-19 pandemic and the consequential decline in specific product categories. The overall Immune Booster category declined at 39% based on the corresponding period in 2022. Although overall revenues increased by 0.2% to R 1,383bn, turnover decreased by 0.7% to R 1,364bn. The drop in turnover was also mitigated with the meaningful increase in the sales of Anti-Tuberculosis products to the South African Government. These sales were however achieved at much lower margins, impacting overall profitability.

Overall gross margins declined from 55,5% in 2022 to 51,3% in 2023. This decline was driven mainly by three factors being the impact of exchange rates on Cost of goods, the product mix due to increased levels of sales to government as well as extremely high levels of stock write off. During the past year we recorded stock write offs of R 34,6m due to a variety of factors ranging from recalls to slow market penetration and shelf-life limitations. These write-off costs impacted Gross Margins negatively by 2.6%.

Market conditions in South Africa remains extremely competitive and the consequence of a more efficient regulator is now being experienced by all players in the market. Bulk product registrations have led to fewer first to market launch opportunities. Although the new product launches did not meet internal expectations, they still contributed R 18,5m to the overall sales effort. Price pressure on established brands continue, and even with price increases far below inflation, we have to forego these increases on certain brands to retain formulary listings. On the other hand, the overall cost of doing business is increased with channel fees always on the rise as corporate key account channel consolidation continues.

From a portfolio performance perspective, the Cardiovascular portfolio remains the largest overall contributor with sales of R 597,3m reinforcing the position of Pharma Dynamics as the dominant player in this therapeutic area. The decline of 3% over 2022 is driven mainly by the forced price decrease of Fedaloc and the continued impact of the Zartan Co recall during FY22. The combined sales impact of these two products is over R 26m compared to their prior year performance.

The Over-the-Counter portfolio showed remarkable resilience during the COVID-19 pandemic, contributing meaningfully to the overall growth. From a Complimentary medicine (non-scheduled) product perspective, the past year saw the immune boosting category declining meaningfully and the consequential decline in sales of Efferflu C Immune Booster is the main reason for the overall portfolio decline of 21,7%. The unfortunate recall of Lancap OTC, forced by SAHPRA, also played a part in the overall category decline. This portfolio remains the second largest sales contributor in 2023 with overall sales of R 283,4m.

The Central Nervous System, portfolio recorded growth of 3.9% in 2023 in spite of the impact of the molecular shift away from Lancap. Newly launched products such as Exlov XR boosted the overall portfolio performance.

The largest overall growth of 25% was recorded by the Intravenous Therapy portfolio driven mainly by strong performances by Dyna Teicoplanin and Ivecas. The overall growth is specifically encouraging if the decline in Meroject and discontinuation of Acyrax is taken into account.

The Family Healthcare portfolio recorded the second largest overall growth of 17.4% with sales of R 48,4m. The portfolio growth is driven mainly by Dyna-Cefpodoxime as well as new product launches in Minex and Tibilive. This portfolio however remains the smallest sales contributor to the overall chronic basket.

PHARMA DYNAMICS PROPRIETARY LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

During the past financial year, we supported all the relevant scorecard pillars to maintain our overall BBBEE rating as a level 4 contributor. Due to the unprecedented delays by the Department of Trade Industry and Commerce our continued participation on the EEIP program has not been confirmed, and this has effectively eliminated our Ownership score, resulting in our current overall rating as a level 8 contributor. The EEIP renewal plans are currently being reviewed by government and we are confident that the continued participation will be confirmed soon, leading to our reinstatement as a level 4 contributor.

The Department of Health announced a maximum medicine price increase of 3.28% for 2023/2024. This marginal increase is substantially below inflation levels and is slightly lower than the increase of 3.5% awarded for 2022/2023. The 2023/2024 price increase has been implemented on selected brands after due consideration of competitive market conditions.

As in 2022, we saw an acceleration in the number of new product registrations. The Pharma Dynamics Scientific Affairs team has continued with their submission program and has been successful with the registration of 24 products in South Africa as well as 18 products in neighbouring countries. Throughout the year we managed to bring 17 new products to market. We are confident that this traction will continue for 2024.

Pharma Dynamics ended the financial year as the eighth largest Generics Pharmaceutical company with 20 market leading brands and 21 brands in nr. 2 positions. We remain the nr. 1 CVS company in South Africa and is now ranked as the 11th largest Pharmaceutical company in South Africa.

NATURE OF BUSINESS

The company carries on the business of marketing and sales of pharmaceutical and nutraceutical products. All manufacturing and distribution is contracted out.

RESULTS OF OPERATIONS

The results of operations for the year are detailed in the statement of comprehensive income on page 7 and are to be read in conjunction with the relevant notes.

SHARE CAPITAL

The authorised and issued share capital has remained unchanged.

PLANT AND EQUIPMENT

There has been no major change in the nature of plant and equipment or in the policy regarding their use.

EMPLOYEES

The company has 180 employees (2022: 168).

DIVIDEND

No dividend was declared or paid for the year ended 31 March 2023. (2022: R nil)

PHARMA DYNAMICS PROPRIETARY LIMITED**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023 (Continued)****DIRECTORS AND SECRETARY**

Particulars of the present directors are given on page 1.

P C Engelbrecht was appointed as company secretary on 1 March 2018.

EVENTS SUBSEQUENT TO YEAR END

There have been no serious events after year-end that may significantly impact on the company's performance.

AUDITORS

Ernst & Young Inc. will continue in office in accordance with section 90(2) of the Companies Act.

COMPANY SECRETARY STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

I hereby confirm, in terms of the Companies Act, No 71 of 2008, that for the year ended 31 March 2023, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required in terms of this Act and that all such returns are true, correct and up to date.

P C Engelbrecht

5 May 2023

PHARMA DYNAMICS PROPRIETARY LIMITED
SUMMARY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 R	2022 R
Revenue	2	<u>1 383 266 220</u>	<u>1 381 580 468</u>
Turnover	2	1 364 013 130	1 375 251 365
Cost of sales		<u>(664 331 574)</u>	<u>(612 392 708)</u>
Gross profit		699 681 556	762 858 657
Other income		514 020	1 047 231
Operating costs		<u>(544 459 310)</u>	<u>(521 568 281)</u>
Profit from operations	3	155 736 266	242 337 607
Interest income	2	19 253 090	6 329 103
Interest expense on lease liabilities		(336 195)	(508 093)
Interest expense		<u>-</u>	<u>(2 115)</u>
Profit before taxation		174 653 161	248 156 502
Taxation	4	<u>(47 324 607)</u>	<u>(69 062 183)</u>
Profit for the year		127 328 554	179 094 319
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>127 328 554</u></u>	<u><u>179 094 319</u></u>

PHARMA DYNAMICS PROPRIETARY LIMITED
SUMMARY STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2023

	Note	2023 R	2022 R
ASSETS			
Non-current assets			
Property, plant and equipment	5	3 489 453	3 172 531
Right of use asset	6	3 841 264	4 647 560
Investments	8	9 650 000	9 650 000
Intangible assets	7	48 417 536	44 666 521
Deferred tax	9	5 709 458	2 406 288
		<u>71 107 711</u>	<u>64 542 900</u>
Current assets			
Inventories	10	491 189 902	358 104 775
Trade and other receivables	11	328 637 209	324 179 649
Tax receivable		7 022 404	3 859 690
Cash and cash equivalents	12	306 683 241	136 163 004
Short term investments	13	-	145 000 000
		<u>1 133 532 756</u>	<u>967 307 118</u>
		<u>1 204 640 467</u>	<u>1 031 850 018</u>
Total assets			
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	14	100 000	100 000
Retained earnings		943 238 941	815 910 387
		<u>943 338 941</u>	<u>816 010 387</u>
Non-current liabilities			
Lease liability	15	1 556 100	2 127 591
		<u>1 556 100</u>	<u>2 127 591</u>
Current liabilities			
Trade and other payables	16	248 720 783	193 719 664
Lease liability	15	2 472 569	2 909 064
Derivative financial instruments	18	339 323	2 685 066
Provisions	17	8 212 751	14 398 246
		<u>259 745 426</u>	<u>213 712 040</u>
		<u>1 204 640 467</u>	<u>1 031 850 018</u>
Total equity and liabilities			

PHARMA DYNAMICS PROPRIETARY LIMITED
SUMMARY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Ordinary share capital R	Retained earnings R	Total R
Balance at 31 March 2021	100 000	636 816 068	636 916 068
Total comprehensive income for the year	-	<u>179 094 319</u>	<u>179 094 319</u>
Balance at 31 March 2022	100 000	815 910 387	816 010 387
Total comprehensive income for the year	-	<u>127 328 554</u>	<u>127 328 554</u>
Balance at 31 March 2023	<u>100 000</u>	<u>943 238 941</u>	<u>943 338 941</u>

PHARMA DYNAMICS PROPRIETARY LIMITED
SUMMARY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 R	2022 R
Cash flows from operating activities			
Cash generated from operations	22.1	194 582 754	273 256 462
Movements in working capital	22.2	<u>(119 296 961)</u>	<u>(60 894 986)</u>
		75 285 793	212 361 476
Interest received		19 993 584	4 178 545
Interest paid		(336 195)	(510 208)
Taxation paid	22.3	<u>(53 790 491)</u>	<u>(73 412 691)</u>
Net cash inflow from operating activities		<u>41 152 691</u>	<u>142 617 122</u>
Cash flow from investing activities			
Purchase of property, plant and equipment		(2 151 897)	(1 793 745)
Proceeds from disposal of intangible assets		685 000	1 000 000
Purchase of intangible assets		(11 088 757)	(8 104 812)
Decrease/(increase) in short term investments		145 000 000	(145 000 000)
Increase in investments		<u>-</u>	<u>(1 150 000)</u>
Net cash inflow/(outflow) from investing activities		<u>132 444 346</u>	<u>(155 048 557)</u>
Cash flow from financing activities			
Repayment of lease liability		<u>(3 076 800)</u>	<u>(3 708 860)</u>
Net cash outflow from financing activities		<u>(3 076 800)</u>	<u>(3 708 860)</u>
Net movement in cash and cash equivalents		170 520 237	(16 140 295)
Cash and cash equivalents at beginning of year		<u>136 163 004</u>	<u>152 303 299</u>
Cash and cash equivalents at end of year	22.4	<u><u>306 683 241</u></u>	<u><u>136 163 004</u></u>

PHARMA DYNAMICS PROPRIETARY LIMITED

NOTES TO THE SUMMARY FINANCIAL STATEMENTS AT 31 MARCH 2023

1 ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below:

1.1 Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa.

Basis of preparation

The annual financial statements are prepared on the historical cost basis, except where stated otherwise in the accounting policies below.

The accounting policies below have been applied consistently to all periods presented in the annual financial statements, except where the Company has adopted IFRS and IFRIC interpretations and amendments that became effective during the period. There were no new or revised IFRSs and interpretations that had a significant impact on the company's 2023 financial statements.

1.2 Revenue recognition

The Company recognises revenue to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The following specific recognition criteria must also be met before revenue is recognised:

Finance income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts the future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Revenue from the sale of goods

The Company recognises revenue when it has satisfied a performance obligation by transferring goods to a customer.

Performance obligations and timing of revenue recognition

The Company's revenue is derived from the sale of pharmaceuticals to wholesalers and to direct customers. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer that reflects the consideration which the Company expects to be entitled in exchange for those goods. Revenue is recognised at a point in time when control of the goods has transferred to the customer.

The point at which control passes depends on the terms and conditions of the contract and is effective either once physical delivery or receipt of the products at the agreed location has occurred.

Determining the transaction price

The majority of the Company's revenue is derived from contracts which define a fixed price per unit sold. In certain contracts the consideration includes a variable element in the form of volume rebates and discounts, clawbacks and returns.

PHARMA DYNAMICS PROPRIETARY LIMITED**NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)****1 ACCOUNTING POLICIES (Continued)****1.2 Revenue recognition (continued)**

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Historical experience enables the Company to estimate reliably the value of discounts to be granted, rebates to be paid or clawbacks and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when goods are returned.

Certain contracts provide a customer with a right to return the goods within a specified period.

The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled.

The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a provision for sale returns. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Assets and liabilities arising from rights of return*Right of return assets*

Right of return assets represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Provision for sale returns

Provision for sale returns is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer.

The Company updates its estimates of provision for sales returns (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Practical expedients applied

The Company's contracts with customers are short term in nature (less than 12 months).

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of the consideration for the effects of a significant financing component if it expects at contract inception that the period between the transfer of the promised goods to the customer and when the customer pays for the goods will be one year or less.

PHARMA DYNAMICS PROPRIETARY LIMITED

**NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)**

1 ACCOUNTING POLICIES (Continued)

1.3 Property, plant and equipment

Property, plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date. The cost of an asset comprises any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management.

Property, plant and equipment are subsequently stated at cost, less accumulated depreciation and any accumulated impairment in value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation commences when the assets are available for their intended use. Property, plant and equipment are depreciated on the straight-line basis over the expected useful lives of the various classes of assets, after taking into account residual values.

Useful lives of the property, plant and equipment, the depreciation method, depreciation rates, and residual values are reviewed on an annual basis, and adjusted prospectively, if appropriate.

Motor vehicles	20.00%
Furniture and fittings	16.67%
Office equipment	20.00%
Computer equipment	33.33%
Leasehold improvements	20.00%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Improvements to leasehold property are capitalised and depreciated over the period of the relevant lease agreements if there is no reasonable certainty that the lessee will obtain ownership of the asset at the end of the lease term.

1.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against the profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

PHARMA DYNAMICS PROPRIETARY LIMITED

NOTES TO THE SUMMARY FINANCIAL STATEMENTS AT 31 MARCH 2023 (Continued)

1 ACCOUNTING POLICIES (Continued)

1.4 Intangible assets (continued)

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year.

The expected useful lives are as follows:

- Trademarks	10 years
- Dossiers purchased / Licence agreements	10 years
- Computer software	2 years
- SAP software	2 years

The useful life of the intangible assets is reviewed annually and if the expected useful life differs from previous estimates the amortisation period is changed accordingly.

1.5 Impairment of non-financial assets

At each reporting date the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, with the impairment loss being recognised in the statement of comprehensive income.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in profit or loss.

1.6 Leases

The Company is party to lease contracts for:

- Buildings

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

PHARMA DYNAMICS PROPRIETARY LIMITED

NOTES TO THE SUMMARY FINANCIAL STATEMENTS AT 31 MARCH 2023 (Continued)

1 ACCOUNTING POLICIES (Continued)

1.6 Leases (continued)

i) Right-of-use asset

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over lease term. The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

1.7 Inventories

Inventory is valued at the lower of cost, determined on the weighted average basis and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale. Where necessary a provision is made for obsolete, slow moving or defective inventory.

1.8 Financial Instruments

Financial Instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 1.2 Revenue from contracts with customers.

PHARMA DYNAMICS PROPRIETARY LIMITED

NOTES TO THE SUMMARY FINANCIAL STATEMENTS AT 31 MARCH 2023 (Continued)

1 ACCOUNTING POLICIES (Continued)

1.8 Financial Instruments (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables, cash and cash equivalents and short term investments.

Cash and cash equivalents

Bank balances and cash in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, bank balances and cash consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Short term investments

Short term investments in the statement of financial position comprise short term deposits at banks with an original maturity between three months and twelve months.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

This category includes derivative instruments and investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statement of financial position) when:

PHARMA DYNAMICS PROPRIETARY LIMITED

**NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)**

1 ACCOUNTING POLICIES (Continued)

1.8 Financial Instruments (continued)

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of Financial Assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. ECL has been measured on a collective basis as the various customers segments have similar loss patterns.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

PHARMA DYNAMICS PROPRIETARY LIMITED

**NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)**

1 ACCOUNTING POLICIES (Continued)

1.8 Financial instruments (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Trade and other payables

Trade payables are obligations to pay for goods that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities as payment is due within 1 year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

1.9 Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

1.10 Foreign currency translations

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Company's functional and presentation currency is South African Rands and all amounts, unless otherwise indicated, are stated in South African Rands.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions.

PHARMA DYNAMICS PROPRIETARY LIMITED

NOTES TO THE SUMMARY FINANCIAL STATEMENTS AT 31 MARCH 2023 (Continued)

1 ACCOUNTING POLICIES (Continued)

1.10 Foreign currency translations (continued)

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income. Exchange differences on non-monetary items are accounted for based on the classification of the underlying item.

1.11 Taxes

Current tax

Income tax and capital gains tax on the profit or loss for the year comprise current and deferred tax. Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred income tax and deferred capital gains tax are provided for on the comprehensive basis, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates enacted at the statement of financial position date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets and liabilities are not discounted.

Deferred tax relating to items which are charged or credited directly to equity, is also charged or credited directly to equity and is subsequently recognised in the statement of comprehensive income together with the deferred gain or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax liabilities are recognised for all taxable temporary differences.

Value added tax ("VAT")

Revenues, expenses and assets are recognised excluding VAT except:

- Where VAT incurred on a purchase of assets or services is not recoverable from the South African Revenue Service, the VAT is recognised as a part of the cost of acquisition of the asset or as a part of the expense item as applicable and
- Trade receivables and payables are stated inclusive of VAT.

The net amount of VAT recoverable or payable to the South African Revenue Service is included as a part of other payables or receivables.

Withholdings Tax ("DWT")

Dividend withholding tax is a tax on shareholders when dividends are paid to them. Dividends is paid over to the governing body by the entity paying the dividend. Due to double tax treaty agreement the Company does not pay dividend tax on dividends paid to its holding company.

1.12 Equity-Settled Employee Share Scheme

Share options in Lupin Limited are granted to directors and key employees of Pharma Dynamics. The scheme in operation is classified as equity-settled. The equity-settled scheme allows certain employees the option to acquire ordinary shares in Lupin Limited. Such equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at grant date of the equity-settled share-based payment is

PHARMA DYNAMICS PROPRIETARY LIMITED**NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)****1 ACCOUNTING POLICIES (Continued)****1.12 Equity-Settled Employee Share Scheme (continued)**

charged as an employee-share option expense on a straight-line basis over the period that the employee becomes unconditionally entitled to the options, based on management of Lupin Limited's estimate of the shares that will vest and adjusted for the effect of non-market vesting conditions. These share options are not subsequently revalued.

Fair value is determined using the black scholes model where applicable. The fair value takes into account the terms and conditions on which the incentives are granted and the extent to which the employees have rendered services at the reporting date.

1.13 Significant accounting judgements and estimates*Judgements*

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Depreciation rates

At the beginning of each financial year management reviews the assets for their expected remaining useful life and residual values and base their depreciation rates for the year on these inputs. Management takes into account factors such as the condition of the asset, manner of recovery and relevant market information when making this assessment.

Amortisation rates

At the beginning of each financial year management reviews the assets for their expected remaining useful life and residual values and base their amortisation rates for the year on these inputs. Management takes into account factors such as the forecasted sales, the profitability of the asset and relevant market information when making this assessment.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of Intangibles

Impairment exists when the carrying value of the intangible asset exceeds its recoverable amount, which is the higher of its fair value and its value in use. Value in use is calculated by way of a net present value calculation taking into account current gross margins, medium term budgeted sales based on market data and discount rates. In addition, impairments may be considered as a result of delays in final registration at the South African Health Products Regulatory Authority (SAHPRA).

Incremental Borrowing Rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

PHARMA DYNAMICS PROPRIETARY LIMITED

NOTES TO THE SUMMARY FINANCIAL STATEMENTS AT 31 MARCH 2023 (Continued)

1 ACCOUNTING POLICIES (Continued)

1.13 Significant accounting judgements and estimates (continued)

Bonus provision

Management base the bonus provision on estimated bonus payouts taking into account whether the Company achieves its financial targets, individual staff performance and is at the directors' final discretion. Bonuses will be paid out once the annual financial statements have been approved.

Stock obsolescence provision

Stock items are reviewed on a line by line basis by management and any stock that is due to expire in six months is provided for. Slow moving items expected to realise less than cost have a provision raised or the difference between expected selling price less selling cost and original cost.

Customer returns

For the sale of goods, the Company recognises revenue net of returns and records a separate liability for expected returns as provisions. The Company estimates the amount of returns based on historical data for specific products.

Expected credit loss (ECL)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast to economic conditions may also not be representative of customer's actual default in the future.

1.14 Standards issued but not yet effective

IFRS, Amendments and IFRIC interpretations issued but not yet effective

The following IFRS and amendments that are relevant to the Company have been issued but are not yet effective for the current financial year. The Company will adopt these no later than their effective dates, to the extent that they are applicable to its activities.

Amendments to IAS 1: Classification of liabilities as Current or Non-current

Effective for annual periods beginning on or after 1 January 2023, the classification of liabilities as current or non-current; Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. This amendment has no significant impact on the financial statements of the Company.

Amendments to IAS 8: Definition of Accounting estimates

Effective for annual periods beginning on or after 1 January 2023, the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors; Narrow-scope amendments to IAS 8 to provide clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. This amendment has no significant impact on the financial statements of the Company.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

Effective for annual periods beginning on or after 1 January 2023, the replacement of term "significant" with "material" as this is defined in IFRS and is widely understood by users of the financial statements.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for annual periods beginning on or after 1 January 2023, the Board issued amendments to IAS 12; which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

	2023	2022
	R	R
2 REVENUE		
Revenue comprises the following:		
Turnover	1 364 013 130	1 375 251 365
Interest income	19 253 090	6 329 103
	<u>1 383 266 220</u>	<u>1 381 580 468</u>
Revenue from contracts with customers is made up as follows:		
Gross sales	1 390 409 810	1 412 620 201
Sales returns, volume discounts and clawbacks	(26 396 680)	(37 368 836)
	<u>1 364 013 130</u>	<u>1 375 251 365</u>
2.1 Disaggregated Revenue Information		
Set out below is the disaggregation of the Company's revenue from contracts with customers		
Types of Customers		
Wholesalers	1 105 380 645	1 145 885 046
Direct Customers	258 632 485	229 366 319
	<u>1 364 013 130</u>	<u>1 375 251 365</u>
Revenue from direct customers is derived from the sale of goods to pharmacies, hospitals, government enterprises and other local and foreign customers		
Types of goods		
Cardiovascular	597 176 775	615 913 960
Over-the-counter	283 329 826	361 821 663
Central nervous system	244 702 012	235 610 647
Intravenous therapy	131 120 651	104 886 374
Family healthcare	48 413 407	41 244 408
Anti-Tuberculosis	59 270 459	15 774 313
Total revenue from contracts with customers	<u>1 364 013 130</u>	<u>1 375 251 365</u>
2.2 Contract Balances		
Trade Receivables (Note 11)	318 041 784	306 955 313
Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.		

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

2 REVENUE (Continued)

2.3 Performance Obligations

Information about the Company's performance obligations is summarised below:

Sale of goods to customers

The performance obligations are either satisfied upon delivery of the goods to the customers or once the invoice is raised depending on the terms and conditions of the contract or invoice. Payment is generally due within 30 to 90 days from delivery. Sales to wholesalers are made at the SEP (single exit price), to government at tender price and exports are sold at contract price. Some contracts provide customers with a right of return, volume discounts and clawbacks which results in contract liabilities i.e. deferred revenue (in the case of returns) and variable consideration in respect of volume discounts and clawbacks.

	2023	2022
	R	R
3 PROFIT FROM OPERATIONS		
Profit from operations is stated after taking the following items into account:		
Expenses		
Amortisation of intangible assets	5 696 102	3 584 380
Impairment of intangible assets	1 780 168	738 291
Auditors remuneration	1 578 309	1 491 127
-current year	1 514 709	1 435 127
-non audit service	63 600	56 000
Depreciation		
-Property, plant and equipment	1 834 975	1 992 051
-Leases	2 875 110	3 139 027
Direct Selling	193 208 318	171 850 953
Distribution	43 187 351	41 943 776
Promotion	33 055 896	35 121 579
Loss on foreign exchange	8 758 696	5 253 379
Employee costs		
Directors emoluments		
-Executive	7 583 937	7 133 251
-Salaries and wages	124 043 351	112 596 718
-Commissions	9 466 027	14 305 544
-Motor vehicle allowances	13 612 040	12 050 100
-Staff recruitment fees	1 679 794	456 915
-Staff training and welfare	3 471 398	3 210 755
-Employee Stock Ownership Plan (ESOP)	951 913	1 062 296

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

	2023	2022
	R	R
4 TAXATION		
Current income tax charge	50 627 777	68 064 455
Current year	50 512 934	68 340 981
Prior year (over)/under provision	114 843	(276 526)
Deferred tax		
Relating to origination and reversal of temporary differences	(3 303 170)	997 728
	47 324 607	69 062 183
Tax rate reconciliation	%	%
Normal rate of taxation	27.00	28.00
Change in income tax rate	-	(0.04)
Prior year under/(over) provision	0.07	(0.11)
Non deductible expenses	0.03	0.12
Allowances not claimed through profit and loss	-	(0.14)
Effective rate	27.10	27.83

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

6 RIGHT OF USE ASSET

	2023	
	Property R	Total R
Beginning of year		
-assets at cost	10 634 921	10 634 921
-accumulated depreciation	<u>(5 987 361)</u>	<u>(5 987 361)</u>
Carrying value	4 647 560	4 647 560
Current year movements		
-additions	2 068 814	2 068 814
-depreciation	<u>(2 875 110)</u>	<u>(2 875 110)</u>
Balance at end of year	<u><u>3 841 264</u></u>	<u><u>3 841 264</u></u>

	2022	
	Property R	Total R
Beginning of year		
-assets at cost	11 200 516	11 200 516
-accumulated depreciation	<u>(3 413 929)</u>	<u>(3 413 929)</u>
Carrying value	7 786 587	7 786 587
Current year movements		
-depreciation	<u>(3 139 027)</u>	<u>(3 139 027)</u>
Balance at end of year	<u><u>4 647 560</u></u>	<u><u>4 647 560</u></u>

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

7 INTANGIBLE ASSETS	2023			2022		
	Cost R	Accumulated amortisation R	Carrying Value R	Cost R	Accumulated amortisation R	Carrying Value R
Purchase Dossiers/Licence Agreements	74 144 591	(30 857 800)	43 286 791	68 485 052	(27 889 979)	40 595 073
-Registered *	61 586 823	(30 857 800)	30 729 023	50 533 160	(27 889 979)	22 643 181
-Pending registration #	12 557 768	-	12 557 768	17 951 892	-	17 951 892
Computer software	9 598 679	(4 467 934)	5 130 745	7 315 578	(3 244 130)	4 071 448
	83 743 270	(35 325 734)	48 417 536	75 800 630	(31 134 109)	44 666 521

*Dossiers which have been registered with the South African Health Products Regulatory Authority (SAHPRA)

Dossiers which are pending registration with the South African Health Products Regulatory Authority (SAHPRA)

The carrying amounts of intangible assets can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Impairment R	Disposals R	Amortisation R	Carrying value at end of year
	2023					
Purchase Dossiers/Licence Agreements	40 595 073	9 224 421	(1 780 168)	(944 524)	(3 808 011)	43 286 791
Computer software	4 071 448	2 947 388	-	-	(1 888 091)	5 130 745
	44 666 521	12 171 809	(1 780 168)	(944 524)	(5 696 102)	48 417 536
2022						
Purchase Dossiers/Licence Agreements	34 532 507	10 142 350	(738 291)	(1 074 164)	(2 267 329)	40 595 073
Computer software	2 872 746	2 515 753	-	-	(1 317 051)	4 071 448
	37 405 253	12 658 103	(738 291)	(1 074 164)	(3 584 380)	44 666 521

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

	2023	2022
	R	R
8 INVESTMENTS		
Investment	<u>9 650 000</u>	<u>9 650 000</u>

The Company has an investment in an investment entity that invests mainly in BBBEE companies. The fair value is determined with regards to the fair value of the underlying investments and is included in Level 3 of the fair value hierarchy. The unobservable inputs are those of the underlying investments of which are not listed.

	Statement of financial position		Statement of comprehensive income	
	2023	2022	2023	2022
	R	R	R	R
9 DEFERRED TAX				
Analysis of deferred tax				
Deferred tax assets/(liabilities)				
Intangibles	(1 381 103)	(1 026 972)	(354 131)	(146 126)
Expected credit losses	107 646	36 464	71 182	(125 116)
Provision for sales return	103 922	256 249	(152 327)	100 063
Provision for obsolete stock	3 421 900	346 573	3 075 327	(899 062)
Prepaid expenses	(1 093 142)	(3 670 674)	2 577 532	(270 056)
Provisions	4 449 927	6 269 208	(1 819 281)	555 669
Right-of-use asset	(987 432)	(1 164 456)	177 024	875 748
Lease liability	<u>1 087 740</u>	<u>1 359 896</u>	<u>(272 156)</u>	<u>(1 088 848)</u>
	<u>5 709 458</u>	<u>2 406 288</u>	<u>3 303 170</u>	<u>(997 728)</u>

	2023	2022
	R	R
10 INVENTORIES		
The amounts attributable to the different categories are as follows:		
Raw materials	2 792 207	1 432 647
Work in progress	14 513 520	1 810 070
Finished goods	<u>473 884 175</u>	<u>354 862 058</u>
	<u>491 189 902</u>	<u>358 104 775</u>

The amount of write-downs of inventory recognised as expenses R 34 580 334 (2022: R 14 035 211) which is recognised in cost of sales. During the period, the provision for obsolete stock amounted to R 12 673 702 (2022: R 1 283 603). Inventory is written off due to the goods being damaged or expired.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

	2023	2022
	R	R
11 TRADE AND OTHER RECEIVABLES		
Interest receivable	1 639 194	2 379 688
Trade receivables	318 041 784	306 955 313
Deposits	691 066	451 659
Prepayments	8 265 165	14 392 989
	<u>328 637 209</u>	<u>324 179 649</u>

Trade receivables is made up as follows:

Gross trade receivables	318 573 368	307 135 384
Expected credit losses	(531 584)	(180 071)
Net trade receivables	<u>318 041 784</u>	<u>306 955 313</u>

Information about the credit exposures are disclosed in note 20.

Set out below is the movement in the allowance for expected credit losses.

Opening balance	(180 071)	(769 428)
Reversal of prior year provision	180 071	518 573
Write-off	1 443 620	70 784
Additions	(1 975 204)	-
Closing balance	<u>(531 584)</u>	<u>(180 071)</u>

	2023	2022
	R	R
12 CASH AND CASH EQUIVALENTS		
Bank and cash	3 925 952	5 910 376
Short term deposits	<u>302 757 289</u>	<u>130 252 628</u>
Cash and cash equivalents	<u>306 683 241</u>	<u>136 163 004</u>

The Company has pledged its trade receivables to Standard Bank to fulfil collateral requirements.

	2023	2022
	R	R
13 SHORT TERM INVESTMENTS		
Short term investments - bank	<u>-</u>	<u>145 000 000</u>

Consists of a six month fixed deposit at an interest rate of 5.9% that matured on 2 December 2022.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

		2023	2022
		R	R
14	SHARE CAPITAL		
	Authorised		
	1 000 000 ordinary shares of R1 each	<u>1 000 000</u>	<u>1 000 000</u>
	Issued		
	100 000 ordinary shares of R1 each	<u>100 000</u>	<u>100 000</u>
	Reconciliation of number of shares in issue		
	Issued shares at 1 April	100 000	100 000
	Shares Issued	<u>-</u>	<u>-</u>
	Issued shares at 31 March	<u>100 000</u>	<u>100 000</u>
		2023	2022
		R	R
15	LEASES		
	Long Term Lease Liability		
	-Property	<u>1 556 100</u>	<u>2 127 591</u>
		<u>1 556 100</u>	<u>2 127 591</u>
	Short Term Lease Liability		
	-Property	<u>2 472 569</u>	<u>2 909 064</u>
		<u>2 472 569</u>	<u>2 909 064</u>
		2023	2022
		Minimum	Minimum
		payments	payments
		R	R
	Within one year	2 682 236	2 472 569
	After one year but not more than five years	<u>1 775 293</u>	<u>1 556 100</u>
	Total minimum lease payments	<u>4 457 529</u>	<u>4 028 669</u>
	Less amounts representing finance charges	<u>(428 860)</u>	<u>-</u>
	Present value of minimum lease payments	<u>4 028 669</u>	<u>4 028 669</u>
		2023	2022
		Minimum	Minimum
		payments	payments
		R	R
	Within one year	3 159 610	2 909 064
	After one year but not more than five years	<u>2 196 844</u>	<u>2 127 591</u>
	Total minimum lease payments	<u>5 356 454</u>	<u>5 036 655</u>
	Less amounts representing finance charges	<u>(319 799)</u>	<u>-</u>
	Present value of minimum lease payments	<u>5 036 655</u>	<u>5 036 655</u>

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

	2023	2022
	R	R
15 LEASES (continued)		
The following are the amounts recognised in profit or loss:		
Depreciation expense of right of use of asset	2 875 110	3 139 027
Interest expense on lease liability	336 195	508 093
	<u>3 211 305</u>	<u>3 647 120</u>
Total amount recognised in profit or loss	<u><u>3 211 305</u></u>	<u><u>3 647 120</u></u>
Set out below are the carrying amounts of lease and the movements during the period:		
Opening balance	5 036 655	8 745 515
Additions	2 068 814	-
Interest	336 195	508 093
Payments	(3 412 995)	(4 216 953)
	<u>4 028 669</u>	<u>5 036 655</u>
	<u><u>4 028 669</u></u>	<u><u>5 036 655</u></u>
	2023	2022
	R	R
16 TRADE AND OTHER PAYABLES		
Trade payables *	177 858 590	117 463 377
Other payables	3 650 935	4 783 559
Accruals ^	64 592 068	64 975 450
VAT	2 619 190	6 497 278
	<u>248 720 783</u>	<u>193 719 664</u>
	<u><u>248 720 783</u></u>	<u><u>193 719 664</u></u>

*Included in trade payables is amounts owing to related parties. Refer to note 19 for details.

^ Included in accruals is an amount of R 38 433 090 (2022: R 29 719 351) relating to stock in transit. Risk and rewards has transferred to the company based on International Commercial Terms and the goods are en route to final destinations in South Africa.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

	2023	2022
	R	R
17 PROVISIONS		
Opening balance	14 398 246	8 681 295
Utilised	(14 398 246)	(8 123 487)
Additions	8 212 751	13 840 438
	<u>8 212 751</u>	<u>14 398 246</u>

Provisions consist of:

Incentive bonus

Incentive bonuses are based on year end audited results. These bonuses are paid out once the annual financial statements have been signed off. During the current financial year R 8 946 985 (2022: R 7 145 277) has been utilised against the 2022 financial year provision and R 6 719 477 (2022: R 8 946 985) has been added to the 2023 provision.

Provision for Sale Returns

Provision for sale returns are based on the total sales amount and is measured at the amount the Company ultimately expects it will return to the customer. During the current financial year R 949 071 (2022: R 557 808) has been utilised against the 2022 financial year provision and R 384 896 (2022: 949 071) has been added to the 2023 provision.

Incentives payable

Included in provisions are incentives payable of R 1 108 378 (2022: R 4 502 190). During the current financial year, R 4 502 190 (2022: R 978 210) has been utilised against the 2022 financial year provision and R 1 108 378 (2022: R 4 502 190) has been added to the 2023 provision.

	2023	2022
	R	R
18 DERIVATIVE FINANCIAL INSTRUMENTS		
All foreign exchange contracts are derivative financial instruments and are classified at fair value through profit and loss. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs and are classified in Level 2 of the fair value hierarchy.		
Foreign exchange contract	(339 323)	(2 685 066)

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

19 RELATED PARTIES

The following companies and other entities are regarded as related parties:

Ultimate holding Company

Lupin Ltd (Incorporated in India)

Holding Company

Nanomi B.V. (incorporated in the Netherlands)

Subsidiaries of ultimate holding Company

Lupin Atlantis Holdings

Transactions with related parties are in the ordinary course of business and has been concluded on normal market terms.

	2023	
	Lupin Ltd	Lupin Atlantis
	R	Holdings
	R	R
Expenditure		
-Management Fee	-	1 346 422
-Inventory Purchases	176 787 498	-
Reimbursement by related party		
-Equity Settled	951 913	-
Employee Share Scheme		
-IT Expenses	1 354 407	-
-Consultancy Fees	3 308 840	-
-Management Fees	1 346 422	-
-SAP Concur	125 490	-
Reimbursement to related party		
-Recovery of Travel	26 217	-
Expenses		
-Samples	1 000	-
-Consultancy Fees	640 445	-
Assets/Liabilities		
-Amount owing by Related Parties	286 680	-
-Amount owing to Related Parties	67 869 141	360 551

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

19 RELATED PARTIES (Continued)

	2022	
	Lupin Ltd	Lupin Atlantis
	R	Holdings
		R
Expenditure		
-Management Fee	-	1 199 168
-Inventory Purchases	83 947 022	-
Reimbursement by related party		
-Equity Settled Employee Share Scheme	1 062 296	-
-IT Expenses	604 708	-
-Consultancy Fees	2 578 793	-
-Management Fees	1 199 168	-
-SAP Concur	70 176	-
Reimbursement from related party		
-Recovery of Travel Expenses	46 642	-
-Samples	319 112	-
-Consultancy Fees	1 246 283	-
Assets/Liabilities		
-Amount owing by Related Parties	1 213 822	-
-Amount owing to Related Parties	35 377 164	316 815

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise trade and other receivables, cash and cash equivalents, short term investments and trade and other payables which arise directly from operations.

The Company has various other financial assets and liabilities such as investments and derivative financial instruments. The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk.

In assessing risk, the Company classifies financial assets and liabilities as follows:

Assets	Note	At amortised cost R	Fair value through profit or loss R	Non-financial assets R	Total R
2023					
Trade and other receivables	11	320 372 044	-	8 265 165	328 637 209
Cash and cash equivalents	12	306 683 241	-	-	306 683 241
Investments	8	-	9 650 000	-	9 650 000
Total		627 055 285	9 650 000	8 265 165	644 970 450
2022					
Trade and other receivables	11	309 786 660	-	14 392 989	324 179 649
Cash and cash equivalents	12	136 163 004	-	-	136 163 004
Short-term investments	13	145 000 000	-	-	145 000 000
Investments	8	-	9 650 000	-	9 650 000
Total		590 949 664	9 650 000	14 392 989	614 992 653
Liabilities	Note	At amortised cost R	Fair value through profit or loss R	Non-financial assets R	Total R
2023					
Trade and other payables	16	219 942 615	-	28 778 168	248 720 784
Lease liabilities	15	4 028 669	-	-	4 028 669
Derivative financial instruments	18	-	339 323	-	339 323
Total		223 971 284	339 323	28 778 168	253 088 776
2022					
Trade and other payables	16	151 966 287	-	41 753 377	193 719 664
Lease liabilities	15	5 036 655	-	-	5 036 655
Derivative financial instruments	18	-	2 685 066	-	2 685 066
Total		157 002 942	2 685 066	41 753 377	201 441 385

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

20.1 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Potential concentrations of credit risk consist principally of trade receivables and short term investments and cash and cash equivalents.

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debt is not significant. The Company only deposits short term cash surpluses with major banks of high quality credit standing. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The Company uses a provision matrix to calculate ECLs for trade receivables.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates, such as regulated price increases and various other economic factors impacting the business, are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The concentration of cash and cash equivalents with the major banks are as follows:

	2023	2022
	R	R
Investec	69%	73%
Standard Bank	31%	27%

The Company did not consider there to be any significant credit risk exposure which has not been adequately provided for.

The short-term credit ratings per Moody's rating agency as at 31 March 2023 for Standard Bank and Investec is P-1.za.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

20.1 Credit risk (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables.

31 March 2023	Outstanding Total	Current	Days past due			
			31 -60 Days	61 -90 Days	91 -120 Days	More than 121 Days
Expected credit loss rate		0.0313%	5.6784%	5.1024%	6.5535%	5.6930%
Estimated total gross carrying amount at default	318 573 368	311 044 792	4 916 109	451 968	1 045 350	1 115 149
Expected credit loss	531 584	97 374	279 156	23 061	68 507	63 486

31 March 2022	Outstanding Total	Current	Days past due			
			31 -60 Days	61 -90 Days	91 -120 Days	More than 121 Days
Expected credit loss rate		0.0170%	1.5257%	2.9266%	2.3412%	1.1697%
Estimated total gross carrying amount at default	307 135 384	300 525 383	1 855 436	1 830 208	1 106 222	1 818 135
Expected credit loss	180 071	51 036	28 308	53 562	25 898	21 267

The Company's maximum exposure to credit risk is as follows:

	2023 R	2022 R
Trade receivables, deposits and interest receivable	320 372 044	309 786 660
Short term deposits (refer Note 12)	302 757 289	130 252 628
Bank and cash	3 925 952	5 910 376
Short term investments	-	145 000 000
	627 055 285	590 949 664

20.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

20.2 Liquidity risk (continued)

	Weighted average interest rate %	Carrying amount R	Contractual cash flows R	6 months or less R	More than 6 months R
2023					
Non interest bearing liabilities					
-trade payables	-	219 942 615	(219 942 615)	(219 942 615)	-
Interest bearing liabilities					
-lease liability	7.67	4 028 669	(4 457 529)	(1 116 224)	(3 341 305)
- FEC liability		339 323	(339 323)	(339 323)	-
		<u>224 310 607</u>	<u>(224 739 467)</u>	<u>(221 398 162)</u>	<u>(3 341 305)</u>
2022					
Non interest bearing liabilities					
-trade payables	-	151 966 287	(151 966 287)	(151 966 287)	-
Interest bearing liabilities					
-lease liability	7.10	5 356 454	(5 036 655)	(1 522 163)	(3 514 492)
- FEC liability		2 685 066	(2 685 066)	(2 685 066)	-
		<u>160 007 807</u>	<u>(159 688 008)</u>	<u>(156 173 516)</u>	<u>(3 514 492)</u>

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

20.2 Liquidity risk (continued)

The Company has substantial banking and borrowing capacity which has not been fully utilised due to the cash surpluses available. Total banking facilities are as follows:

	2023	2022
	R	R
Total facilities:		
Credit card	1 520 000	1 520 000
Foreign exchange contracts	18 000 000	18 000 000
Fleet management	800 000	400 000
Vehicle and asset finance	2 500 000	2 500 000
Letter of credit	5 000 000	5 000 000
	<u>27 820 000</u>	<u>27 420 000</u>
Unutilised Borrowing Facility:		
Credit card	1 116 910	1 411 072
Foreign exchange contracts	17 660 677	15 314 934
Fleet management	328 404	-
Vehicle and asset finance	2 500 000	2 500 000
Letter of credit	5 000 000	5 000 000
	<u>26 605 991</u>	<u>24 226 006</u>

20.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include trade and other receivables, trade and other payables, loans and borrowings, cash and cash equivalents, short term investments and derivative financial instruments.

20.3.1 Foreign currency risk management

The Company undertakes certain transactions in foreign currencies, hence exposure to exchange rate fluctuations arise.

The Company had foreign liabilities at 31 March 2023 amounting to: EUR 2 680 495 (2022: EUR 2 631 643), USD 4 413 325 (2022: USD 2 436 688) and GBP 49 524 (2022: GBP 85 869). These amounts total R 134 163 284 (2022: R 79 419 922) and are included as part of trade and other payables per the statement of financial position.

The Company measures sensitivity to foreign exchange rates as the effect of a change in the foreign currency exchange rate on profit before tax based on the Company's exposure at 31 March. The Company regards a 15% change in the foreign exchange rate as being reasonably possible at 31 March.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

20.3.1 Foreign currency risk management (continued)

The sensitivity of the Company's profit before tax due to a reasonably possible change in exchange rates, with all other variables held constant, through the impact on foreign purchases is as follows:

	Movement in foreign currency rate*	Effect on profit before tax (and equity) R
2023		
EURO	15%	8 244 283
Pound Sterling	15%	164 955
US Dollar	15%	11 715 254

*A weakening of the exchange rate will have an equal and opposite effect on profit before tax (and equity).

	Movement in foreign currency rate*	Effect on profit before tax (and equity) R
2022		
EURO	15%	6 370 734
Pound Sterling	15%	245 118
US Dollar	15%	5 296 726

The Company has trade payables that have foreign currency exposures that result from purchases of generic medicines in a currency basis that is different to the Company's functional currency. In order to mitigate the risk of these foreign currency transactions, these transactions are covered by forward exchange contracts.

All open foreign exchange contracts are valued at current market rates and resultant profits or losses as recognised in the statement of comprehensive income.

There were FEC contracts of R 339 323 as at 31 March 2023 (2022: R 2 685 066) with a nominal value of R 37 100 294 (2022: R 76 227 035).

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

20.3.2 Interest rate risk management

The Company finances its operations through a mixture of excess cash and bank borrowings. As part of the process of managing the Company's interest rate risk, interest rate characteristics of new borrowings and the re-financing of existing borrowings are positioned according to expected movements in the interest rates.

The Company measures sensitivity to interest rates as the effect of a change in the Reserve Bank repo rate on profit before tax based on the Company's exposure at period end. The Company regards a 1% (2022: 1%) change in the Reserve Bank repo rate as being reasonably possible at period end. The sensitivity of the Company's profit before tax due to a reasonably possible change in interest rates, with all other variables held constant, through the impact on cash and cash equivalents is therefore as follows:

	Movement in basis points	Effect on profit before tax (and equity)
	R	R
2023	+100	3 027 573
	-100	(3 027 573)
2022	+100	1 302 526
	-100	(1 302 526)

20.4 Capital risk management

The Company manages its capital to ensure that the Company will be able to continue to operate as a going concern while maximising the return to stakeholders.

The directors meet regularly to review the capital structure. As part of this review the directors consider the availability of funding to fund the Company's capital requirements. The directors also consider the cost of capital and the risks associated with each class of capital.

The Company's overall risk management strategies remain unchanged from 2022.

21 COMMITMENTS	2023	2022
	R	R
2023	-	5 455 263
2024	7 859 749	3 285 259
2025	4 444 985	2 629 458
2026	3 187 066	692 969
	15 491 800	12 062 949

Commitments relate to the contractual obligations of future milestone payments for intangible assets. No securities were provided by the Company for these future commitments.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2023 (Continued)

	2023	2022
	R	R
22 NOTES TO THE STATEMENT OF CASH FLOWS		
22.1 Cash generated from operations		
Reconciliation of profit before taxation to cash generated from operations:		
Profit before taxation	174 653 161	248 156 502
Adjusted for:		
Depreciation	4 710 085	5 131 078
Write off of property, plant and equipment	-	(2 229)
Interest income	(19 253 090)	(6 329 103)
Interest expense	336 195	510 208
Movement in provision for bad debts	351 513	(518 573)
Movement in provisions	(6 185 495)	5 716 951
Impairment of intangible assets	1 780 168	738 291
Amortisation	5 696 102	3 584 380
Write down of inventory	34 580 334	14 035 211
Unrealised (profit)/loss on foreign currency	(2 345 743)	2 194 788
Profit on sale of intangible assets	(203 184)	-
Bad debt recovered	-	(632 341)
Other non cash flow items	462 708	671 299
Operating profit before working capital changes	<u>194 582 754</u>	<u>273 256 462</u>
22.2 Movement in working capital changes		
Increase in inventory	(167 665 461)	(60 570 977)
Increase in trade and other receivables	(5 549 567)	(2 065 281)
Increase in trade and other payables	53 918 067	1 741 272
	<u>(119 296 961)</u>	<u>(60 894 986)</u>
22.3 Reconciliation of taxation paid during year		
Balance at beginning of the year	3 859 690	(1 488 546)
Current tax recognised in the statement of comprehensive income	(50 627 777)	(68 064 455)
Balance at end of the year	<u>(7 022 404)</u>	<u>(3 859 690)</u>
Total tax paid	<u>(53 790 491)</u>	<u>(73 412 691)</u>
22.4 Cash and cash equivalents		
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:		
Cash and cash equivalents	<u>306 683 241</u>	<u>136 163 004</u>

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
AT 31 MARCH 2022 (Continued)

23 DIRECTORS' EMOLUMENTS

	Executive Director	
	Cornelius Frederik Roos	
	2023	2022
	R	R
Cash Salary	3 660 066	3 433 101
Medical Aid	53 566	49 935
Provident Fund	595 040	558 287
Trauma	25 108	20 507
Bonuses and performance related payments	2 244 598	2 086 268
Other Allowances	83 001	62 596
Car Allowances	240 000	240 000
Employee Stock Ownership Plan (ESOP)	682 558	682 557
	<u>7 583 937</u>	<u>7 133 251</u>

Refer to page 1 for list of directors of the Company. All individuals not listed as a director are considered prescribed officers of the Company

24 EVENTS SUBSEQUENT TO YEAR END

No material facts or circumstances have occurred between the accounting date and the date the financial statements were issued.

PHARMA DYNAMICS PROPRIETARY LIMITED
UNAUDITED SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED 31 MARCH 2023

Expenditure	2023 R	2022 R
Advertising	20 902 221	14 162 421
Amortisation of intangible assets	5 696 102	3 584 380
Auditor's remuneration	1 578 309	1 491 127
Bad debts	1 443 620	70 784
Bank charges	387 925	442 904
BEE charges	12 381 244	48 324 215
Broker administration costs	156 319	144 262
Cellphones	1 362 632	1 236 267
Commissions	9 466 027	14 305 544
Computer expenses	5 436 460	4 722 173
Consulting fees	7 699 082	7 132 746
Courier and postage	1 691 659	1 313 889
Depreciation – Property, plant and equipment	1 834 975	1 992 051
Depreciation – Leases	2 875 110	3 139 027
Direct selling	193 208 318	171 850 953
Distribution	43 187 351	41 943 776
Employee Stock Ownership Plan (ESOP)	951 913	1 062 296
Electricity and water	187 330	205 615
Entertainment	146 392	165 327
Group life and disability	1 931 334	1 409 323
Human resources	1 102 070	1 346 964
Impairment of intangible assets	1 780 168	738 291
Insurance	1 745 674	2 088 904
Legal fees	212 234	17 478
Loss on foreign exchange	8 758 696	5 253 379
Motor vehicle expenses	7 916 567	5 383 429
Office renovation	828 932	400
Relocation costs	308 527	133
Penalties	-	315 678
Printing and stationery	348 105	165 208
Project development costs	270 691	-
Promotion	33 055 896	35 121 579
Rates	226 043	175 620
Recruitment fees	1 679 794	456 915
Refreshments	1 325 471	532 307
Rent	2 884 290	1 749 239
Repairs and maintenance	-	419 122
Regulatory expenses	6 975 738	4 720 156
Salaries and wages (including directors emoluments)	145 239 328	131 780 069
Samples	582 818	392 683
Staff training	3 471 398	3 210 755
Subscriptions	468 828	435 862
Telephone and fax	767 118	634 710
Trademark and Patent	727 893	326 782
Trauma cover	633 400	471 808
Travel	3 636 681	943 269
Quality Assurance	6 988 627	6 188 461
Total Operating Expenses	544 459 310	521 568 281