



Piramal Pharma Limited

Annual Report of subsidiaries

2022-23

Contents

Sr. No.	Names of Subsidiary Companies
1.	Piramal Critical Care Pty Limited
2.	Piramal Healthcare (Canada) Limited
3.	Piramal Critical Care Deutschland GmbH
4.	Piramal Critical Care Italia S.P.A.
5.	Piramal Critical Care B.V.
6.	Piramal Dutch Holdings N.V.
7.	Piramal Pharma Solutions (Dutch) B.V.
8.	Piramal Critical Care South Africa (PTY) Ltd
9.	Piramal Critical Care Ltd
10.	Piramal Healthcare UK Limited
11.	Piramal Healthcare Pension Trustee Limited
12.	Piramal Critical Care Inc.
13.	Piramal Pharma Solutions Inc.
14.	PEL Pharma Inc.
15.	Ash Stevens LLC
16.	Piramal Pharma II Private Limited
17.	Piramal Healthcare Inc.
18.	Piramal Pharma Inc.



Piramal Critical Care Pty Ltd

Financial statements

For the year ended 31 December 2022

Piramal Critical Care Pty Ltd

ABN: 36 623 228 955

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For the year ended 31 December 2022

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Piramal Critical Care Pty Ltd

ABN: 36 623 228 955

Directors Report

For the period ended 31 December 2022

Your directors present their report on the entity for the financial period ended 31 December 2022.

Directors

The names of the directors in office at any time during, or since the end of, the period are:

Peter DeYoung

Mahesh Sane

Yash Bapat (till December 31, 2022)

Nisha Desai (from January 1, 2023)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of Operations

- The Company continued supply of Sublimaze 10ml in South Australian tender, post refresh bid and award.
- The Company won ICON tender for Sublimaze and Rapifen (2mL and 10mL) as a sole supply contract with a two-year validity effective from 1st April 2023
- The profit for the financial period amounted to AUD **11,674**

Significant Changes in the State of Affairs

No significant changes in the Company's state of affairs occurred during the financial period.

Principal Activities

The principal activity of the Company during the year was trading of pharmaceutical products related for Pain Management.

No significant change in nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the company in future financial periods.

Likely Developments and Expected Results of Operations

The Company will continue to pursue its strategic objectives to increase market share and profitability of existing product portfolio.

Plan smooth Transition of manufacturing site change to ensure uninterrupted stock supply

The company is planning to launch Desflurane in the market to seize maximum bundling opportunities for Sevoflurane

Environmental Regulation

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No Dividends paid or declared since the start of the financial period.

Piramal Critical Care Pty Ltd

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Directors Report

For the period ended 31 December 2022

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the period as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the Company.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director  13AB32B31553421... _____
Mahesh Sane

Dated this 19-Jun-2023 | 07:56 EDT

Auditor's Independence Declaration


Under Section 307C of the *Corporations Act 2001*

To the Directors of Piramal Critical Care Pty Ltd

I declare that, to the best of my knowledge and belief, during the period ended 31 December 2022, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KBP Audit Services

DocuSigned by:

E9B398F37A1F44E...

Director

QLD

22-Jun-2023 | 05:36 PDT

Piramal Critical Care Pty Ltd

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	2022 \$	2021 \$
Sales		
Sales	374,611	386,207
Less: cost of sales		
Cost of Goods Sold	312,769	370,364
Gross profit from trading	61,842	15,843
Expenses		
Accounting fees	18,900	18,950
Advertising & Promotions	(22,492)	13,383
Bank charges	2,326	3,497
Director fees	23,360	25,486
Insurance	11,419	11,434
Leasing charges	15,391	12,248
Logistical fees	190,169	184,606
Professional expenses	15,030	51,730
Regulatory expenses	35,693	83,419
Royalty expense	2,369	3,457
Other income	292,165	408,210
Exchange profit/loss		14
Other Income	247,000	425,000
Profit/ (loss) before income tax before income tax	16,677	32,647
Income Tax Expense (30%)	(5,003)	(9,794)
Profit/ (loss) before income tax after income tax	11,674	22,853

Piramal Critical Care Pty Ltd

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Statement of Financial Position

For the year ended 31 December 2022

	Note	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	3	239,607	165,348
Trade and other receivables	4	112,759	234,884
Inventories	5	328,231	255,121
Other current assets	6	9,356	14,415
Total current assets		689,953	669,768
Total assets		689,953	669,768
Current liabilities			
Trade and other payables	7	139,047	123,977
Income tax Payable	8		6,891
Total current liabilities		139,047	130,868
Total liabilities		139,047	130,868
Net assets		550,906	538,900
Equity			
Share Capital		500,000	500,000
Retained earnings		50,906	38,900
Total equity		550,906	538,900

Piramal Critical Care Pty Ltd

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Statement of Changes in Equity

For the period ended 31 December 2022

	<u>Share Capital</u>	Retained Earnings	Total
	Ordinary	(Accumulated Losses)	
Note			
Balance at 31 December 2021	500,000	38,900	538,900
Comprehensive income			
Profit for the period		11,674	11,674
Other comprehensive income for the period		332	332
Total comprehensive income for the period attributable to members of the Entity		12,006	12,002
Transactions with owners, in their capacity as owners, and other transfers			
Capital contribution			
Dividends paid or provided for			
Total transactions with owners and other transfers			
Balance at 31 December 2022	500,000	50,906	550,906
Balance at 31 December 2020	500,000	16,046	516,046
Comprehensive income			
Profit for the period		22,854	22,854
Other comprehensive income for the period			
Total comprehensive income for the period attributable to members of the Entity		38,900	538,900
Transactions with owners, in their capacity as owners, and other transfers			
Capital contribution			
Dividends paid or provided for			
Total transactions with owners and other transfers			
Balance at 31 December 2021	500,000	38,900	538,900

The accompanying notes form part of these financial statements.

Piramal Critical Care Pty Ltd

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Statement of Cash Flow

For the period ended 31 December 2022

	Note	2022 \$	2021 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		594,948	451,130
Payments to suppliers and employees		(506,787)	(505,168)
Income tax paid		(13,902)	(8,990)
Net cash provided by operating activities	17	74,259	(63,028)
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash (used in)/provided by investing activities		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash provided by/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		74,259	(63,029)
Cash and cash equivalents at beginning of the period		165,348	228,376
Cash and cash equivalents at end of period		239,607	165,348

The accompanying notes form part of these financial statements.

Piramal Critical Care Pty Ltd

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Notes to the financial statements

For the year ended 31 December 2022

The financial statements cover the business of Piramal Critical Care Pty Ltd which is a company limited by shares, incorporated and domiciled in Australia.

1 Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. The entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of significant accounting policies

Revenue and other income

Revenue from the sales of goods is recognized at the point of delivery as this corresponds to the performance obligation resulting in the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest is recognised, in profit or loss, using the effective interest rate method.

All revenue is stated net of the amount of goods and services tax.

Other

Other income is recognised on an accruals basis when the company is entitled to it.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

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Notes to the financial statements

For the year ended 31 December 2022

Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand and deposits held at call with bank.

In the cash flow statement, cash and cash equivalents includes cash on hand and deposits with banks.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Fair Value of Assets and Liabilities

The entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

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Notes to the financial statements

For the year ended 31 December 2022

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative

that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and

interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

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For the year ended 31 December 2022

the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and

it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

the right to receive cash flows from the asset has expired or been transferred;

all risk and rewards of ownership of the asset have been substantially transferred; and

the Company no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Impairment

The Company recognises a loss allowance for expected credit losses on:

financial assets that are measured at amortised cost or fair value through other comprehensive income;

lease receivables;

contract assets (eg amount due from customers under construction contracts);

loan commitments that are not measured at fair value through profit or loss; and

financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

financial assets measured at fair value through profit or loss; or

equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted

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Notes to the financial statements

For the year ended 31 December 2022

at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach;
- the simplified approach;

General approach

Under the general approach, at each reporting period, the Company assessed whether the financial instruments are credit impaired, and:

- if the credit risk of the financial instrument increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there was no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15: Revenue from Contracts with Customers, and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Critical estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Entity.

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Notes to the financial statements

For the year ended 31 December 2022

Key estimates

impairment

The Entity assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Entity that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements

Performance obligations under AASE 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/-type, cost/-value, quantity and the period of transfer related to the goods or services promised.

Lease term and option to extend under AASE 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably certain of being exercised is a key management judgement that the Group will make. The Group determines the likelihood to exercise on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to the future strategy of the Group.

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The Entity expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

Provision for impairment of receivables

In the trade receivable balance as at 31 December 2022, 100% of the total amount are due for payment within 60 days from the date of the invoice. The directors believe that the full amount of the debt is recoverable and therefore no provision for impairment has been made.

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Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- (a) the initial recognition of goodwill; or
- (b) the initial recognition of an asset or liability in a transaction which:
 - (i) is not a business combination; and
 - (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

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Notes to the financial statements

For the year ended 31 December 2022

New Accounting Standards for Application in Future Period

The directors have determined that there are no new Accounting Standards for application in future period.

Share capital and equity

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

Related Party Transactions for the Reporting Period

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Piramal Critical Care Pty Ltd

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Notes to the financial statements

For the year ended 31 December 2022

	Note	2022	2021
3 Cash and cash equivalents			
HSBC Bank		239,607	165,348
		239,607	165,348
4 Trade and other receivables			
Current			
Account receivables		110,418	234,884
Other Tax/Withholding Liability		2,341	
		112,759	234,884

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9: Financial Instruments.

a. Expected Credit Loss Lifetime Credit: Impaired

	Opening balance 01-Jan-22 \$	Adjustment for AASB 9 \$	Net measurement of loss allowance written off \$	Closing balance 31-Dec-22 \$
Current trade receivables	-	-	-	-

Credit risk

The entity has no significant concentration of credit risk with respect to any single counterparty or entity of counterparties other than those receivables specifically provided for and mentioned within Note 10. The main source of credit risk to the entity is considered to relate to the class of assets described as "trade and other receivables".

The following table details the entity's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the entity and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the entity.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality.

The entity applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been entered based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2022 are determined as follows. The expected credit losses below also incorporate forward-looking information.

2022	Current	>30 days past due	>60 days past due	>90 days past due	Total
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	59,711	54,466	1,078	(4837)	110,418
Loss allowing provision	-	-	-	-	-

Piramal Critical Care Pty Ltd

ABN: 36 623 228 955

Notes to the financial statements

For the year ended 31 December 2022

2021	Current	>30 days past due	>60 days past due	>90 days past due	Total
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	107,614	98,568	28,702	-	234,884
Loss allowing provision	-	-	-	-	-

b. Financial Assets Measured at Amortised Cost

	2022	2021
Trade and other receivables:		
- total current	110,418	234,884
- total non-current	-	-
Total financial assets classified as loans and receivables	110,418	234,884

c. Collateral Pledged

No collateral is held over trade and other receivables.

5 Inventories

Current

Inventories	328,231	255,121
	<u>328,231</u>	<u>255,121</u>

6 Other assets

Current

Prepayments	9,356	14,415
	<u>9,356</u>	<u>14,415</u>

7 Trade and other payables

Current

Trade Payables _ Others	3,135	151,365
Related Party Transaction	29,334	(105,683)
Provision for expense	119,725	89,040
GST Liability (net)	(13,147)	(10,746)
	<u>139,047</u>	<u>123,977</u>

Piramal Critical Care Pty Ltd

ABN: 36 623 228 955

Notes to the financial statements

For the year ended 31 December 2022

a. Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables:

■ total current	139,047	123,977
■ total non-current	-	-
	139,047	123,977
Less other payables (net amount of GST payable)		
Financial liabilities as trade and other payables	139,047	123,977

The average credit period on trade and other payables (excluding GST payable) is 1 month. No interest is due on outstanding payables during this period. There were no payables outstanding longer than 1 month.

Related parties

Piramal Pharma Limited	(9,897)	
Piramal Critical Care Limited	39,231	(99,406)
Piramal Critical Care INC		(6,502)
Piramal Enterprise Limited (PEL)		226
	<u>29,334</u>	<u>(105,682)</u>

Related party transactions

Purchases/Reimbursement from (sales to) related parties

Piramal Enterprises Limited - UK
Piramal Enterprises Ltd
Piramal Care INC

Nature

Purchase	2022	2021
	\$	\$
Purchases of Goods-Piramal Critical Care Ltd	385,878	195,012
Insurance Cross charge- Piramal Enterprises Ltd		226
Insurance Cross charge-Piramal Pharma Ltd	327	
Royalty cross charge-Piramal Corporation Services Ltd	2,599	771
Sales		
Marketing Support-Piramal Critical Care Ltd	247,000	425,000
Audit Fee Cross charge-Piramal Pharma Ltd	10,450	
Regulatory fee cross charge-Piramal Critical Care Inc	13,384	6,502

Piramal Critical Care Pty Ltd

ABN: 36 623 228 955

Notes to the financial statements

For the year ended 31 December 2022

Relationships

- a. Piramal Enterprises Ltd - Ultimate Holding Company upto 17th August, 2022
- b. Piramal Pharma Ltd - Ultimate Holding Company w.e.f. 18th August, 2022
- c. Piramal Critical Care Limited - Holding Company
- d. Piramal Critical Care Inc - Associate Company
- e. Piramal Corporate Services Pvt Ltd. - Associate Company

Related party balances and transactions with entities with control, joint control or significant influence over the company.

9

Issued Capital

500,000 (2022: 500,000) fully paid ordinary shares	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

The company has authorised, issued and paid up share capital amounting to 500,000 ordinary shares of \$1 each.

Ordinary Shares

At the beginning of the reporting period	500,000	500,000
Shares issued during the year:		
At the end of the reporting period	<u>500,000</u>	<u>500,000</u>

10

Financial Risk Management

The entity's financial instruments consist of deposits with banks, accounts receivable and payable, loans to and from holding company.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	2022 \$	2021 \$
Financial assets		
Financial assets at amortised cost:		
- cash and cash equivalents	239,607	165,348
- trade and other receivables	<u>112,759</u>	234,884
Total financial assets	<u>352,366</u>	<u>400,232</u>
Financial liabilities		
Financial liabilities at amortised cost:		
- trade and other payables (including accruals)	152,194	134,723
- net GST payable	<u>(13,147)</u>	<u>(10,746)</u>
Total financial liabilities	<u>139,047</u>	<u>123,977</u>

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis.

Piramal Critical Care Pty Ltd

ABN: 36 623 228 955

Notes to the financial statements

For the year ended 31 December 2022

11 Contingent Liabilities and Contingent Assets

As at 31 December 2022, the Company is not aware of any contingent liabilities or contingent assets

12 Events after the Reporting Period

The directors are not aware of any significant events since the end of the reporting period which may affect these financial statements.

13 Key Management Personnel

	Entity 2022	Entity 2021
	\$	\$
Director's fee	<u>24,000</u>	<u>24,000</u>
	<u>24,000</u>	<u>24,000</u>

14 Auditor's remuneration

	2022	2021
	\$	\$
Remuneration of the auditor for:		
- auditing or reviewing the financial statements	10,450	10,000

15 Company details

The registered office of the Company and principal place of business is :

Piramal Critical Care Pty Ltd
REGUS AUSTRALIA MANAGEMENT PTY LTD
Level 20 Tower A The Zenith
821 Pacific Highway
Chatswood NSW 2067

16 Capital and Leasing Commitments

As at 31 December 2022, the Company had not entered into any capital or leasing commitments.

Piramal Critical Care Pty Ltd

ABN: 36 623 228 955

Notes to the financial statements

For the year ended 31 December 2022

¹⁷ Cash Flow Information

	2022	2021
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) after Tax	11,674	22,854
Adjustment to reconcile profit to net cash provided by operating activities		
(Increase)/decrease in trade and other receivables	124,466	64,909
(Increase)/decrease in inventories	(73,110)	175,353
(Increase)/decrease in other current assets	5,059	(1,055)
Increase/(decrease) in trade and other payables	6,170	(325,089)
Cash and cash equivalents at end of period	<u>74,259</u>	<u>(63,028)</u>

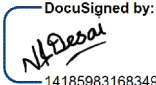
Piramal Critical Care Pty Ltd

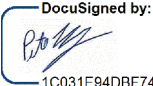
ABN: 36 623 228 955

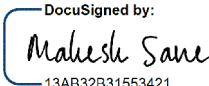
Directors' declaration

In accordance with a resolution of the directors of Piramal Critical Care Pty Ltd, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 19, are in accordance with the *Corporation Act 2001* and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the period ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director 
141859831683496...
Nisha Desai

Director 
1C031E94DBF74FB...
Peter Deyoung

Director 
13AB32B31553421...
Mahesh Sane

Dated 19-Jun-2023 | 07:56 EDT

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF Piramal Critical Care Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Piramal Critical Care Pty Ltd (the "Company"), which comprises the statement of financial position as at 31 December 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the period then ended in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Australian Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. 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 report.


As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' 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 report 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 the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

DocuSigned by:

E9B398F37A1F44E...
KBP Audit Services

Raj Prabhu
Director

QLD

22-Jun-2023 | 05:36 PDT

Piramal Healthcare (Canada) Limited
Financial statements
December 31, 2022, and December 31, 2021

KNAV Professional Corporation

Chartered Professional Accountants
55 York Street, Suite 401, Toronto Ontario M5J 1R7

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Independent auditor's report

To the Shareholder of Piramal Healthcare (Canada) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Piramal Healthcare (Canada) Limited ("the Company") which comprise the statements of financial position as at December 31, 2022 and December 31, 2021 and the related statements of operations, cash flows and changes in shareholder's equity for the years then ended and a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Piramal Healthcare (Canada) Limited as at December 31, 2022 and December 31, 2021 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis of opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude 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 the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KNAV Professional Corporation

KNAV Professional Corporation

Chartered Professional Accountants

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

55 York Street, Suite 401,

Toronto Ontario M5J 1R7

Date: April 18, 2023

Financial statements

Statements of financial position

(All amounts are stated in CAD unless otherwise stated)

		As at	
	Notes	December 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	4	2,496,115	2,701,705
Trade and other accounts receivable	5	11,691,852	9,750,523
Unbilled revenue	15	5,144,588	2,712,034
Inventories	6	9,100,285	8,107,805
Prepaid and other current assets		4,995,619	4,406,757
Related party loans	8	36,771,908	19,747,618
Total current assets		\$ 70,200,367	47,426,442
Non-current assets			
Deferred tax asset	18	36,600,349	36,973,924
Long-term receivables and other assets	7	10	10
Capital advances		508,077	30,844
Property, plant, and equipment	9	40,111,094	39,987,208
Total non-current assets		\$ 77,219,530	76,991,986
Total assets		\$ 147,419,897	124,418,428
LIABILITIES			
Current liabilities			
Trade and other payables	10	4,009,117	3,487,490
Deferred revenue	15	1,531,863	4,054,842
Provisions	11	4,847,554	3,741,277
Other current liabilities	25	863,058	-
Total current liabilities		\$ 11,251,592	11,283,609
Non – current liabilities			
Borrowings	12	17,189,281	-
Long-term provisions	11	14,937	14,030
Total non-current liabilities		17,204,218	14,030
Total liabilities		\$ 28,455,810	11,297,639
Shareholder's equity			
Common shares	13	32,385,913	32,385,913
Capital reserve	14	7,928,161	7,928,161
Accumulated surplus		78,650,013	72,806,715
Total shareholder's equity		\$ 118,964,087	113,120,789
Total liabilities and shareholder's equity		\$ 147,419,897	124,418,428

(See accompanying notes to the financial statements)

APPROVED ON BEHALF OF THE BOARD:

Director:



Director:



Statements of operations

(All amounts are stated in CAD unless otherwise stated)	Notes	For the year ended	
		December 31, 2022	December 31, 2021
Revenue from contract with customers			
Research and development contracts	15	41,104,316	30,151,446
Sale of manufactured products	15	17,677,582	16,999,408
Total		\$ 58,781,898	47,150,854
 Cost of production		 10,595,450	 4,124,710
Gross profit		\$ 48,186,448	43,026,144
 Expenses			
Salaries and employee benefits		24,241,225	20,639,615
Depreciation	9	3,624,124	1,599,968
Selling, distribution and administration		6,864,925	4,163,353
Other expenses		8,632,200	6,159,982
Recognition of investment tax credits	18	(1,739,327)	(3,053,520)
Total operating expenses		\$ 41,623,147	29,509,398
 Profits from operations		 \$ 6,563,301	 13,516,746
Finance income	16	1,217,161	977,028
Other non-operating income		149,314	191,988
Foreign exchange gain (loss)		371,896	(593,808)
Profit before income tax		8,301,672	14,091,954
Current income tax expense	18	2,084,799	3,801,150
Deferred tax expense (benefit)	18	373,575	(4,510,910)
Profit after income taxes		\$ 5,843,298	14,801,714
Total net profit for the year		\$ 5,843,298	14,801,714
 Total net profit attributable to:			
Shareholder of the Company		5,843,298	14,801,714
Total profit for the year		\$ 5,843,298	14,801,714
 Earnings per share			
Basic and diluted earnings per common share	19	213.20	540.05

(See accompanying notes to the financial statements)

APPROVED ON BEHALF OF THE BOARD:

Director:



Director:



Statements of cash flows

(All amounts are stated in CAD unless otherwise stated)

Cash flows from operating activities

	For the year ended	
	December 31, 2022	December 31, 2021
Net profit	\$ 5,843,298	14,801,714
<i>Adjustments for:</i>		
Depreciation	3,624,124	1,599,968
Provision for inventories	1,337,457	(33,181)
Unrealized foreign exchange loss	99,393	81,026
Finance income	(1,217,161)	(972,997)
Fixed assets written off	(484,870)	-
Expected credit loss for trade receivables	5,521	3,055
Deferred tax expenses (benefit)	373,575	(4,510,910)
	\$ 9,581,337	10,968,676
Net change in non-cash operating working capital		
Trade and other accounts receivable	(1,901,462)	(4,470,855)
Unbilled revenue	(2,432,554)	671,573
Inventories	(2,329,936)	(2,092,987)
Prepaid and other current assets	421,207	(212,054)
Trade and other payables	121,640	973,977
Provisions	905,795	1,817,650
Deferred revenue	(2,522,979)	3,211,495
Net cash flows provided by operating activities for the year - A	\$ 1,843,048	10,867,474
Cash flows from investing activities		
Purchase of property, plant, and equipment and capital advances	(3,740,373)	(20,369,355)
Loan advanced to related parties	(15,666,447)	-
Proceeds from repayment of related party loan	924,828	
Interest received on related party loans	676,568	629,100
Net cash flows used in investing activities for the year - B	\$ (17,805,424)	(19,740,255)
Cash flow from financing activities		
Proceeds from borrowings from CITI bank	12,701,600	-
Proceeds from borrowings from related party	3,245,000	-
Interest payable on borrowings	398,281	-
Net cash flows from financing activities for the year - C	16,344,881	-
Net foreign exchange difference on cash and cash equivalents - D	(588,095)	(292,491)
Net (decrease) increase in cash and cash equivalents (A + B + C + D)	\$ (205,590)	(9,165,272)
Cash and cash equivalents at beginning of year	2,701,705	11,866,977
Cash and cash equivalents at end of year (Refer Note 4)	\$ 2,496,115	2,701,705

(See accompanying notes to the financial statements)

Statements of changes in shareholder's equity

For the years ended December 31, 2022, and December 31, 2021

(All amounts in CAD Dollars, except for number of shares)

Particulars	Common shares		Capital reserve	Accumulated surplus	Total equity
	Shares	Value			
Balance as of January 01, 2021	27,408	32,385,913	7,928,161	58,005,001	98,319,075
Net profit for the year	-	-	-	14,801,714	14,801,714
Balance as of December 31, 2021	27,408	32,385,913	7,928,161	72,806,715	113,120,789
Balance as of January 01, 2022	27,408	32,385,913	7,928,161	72,806,715	113,120,789
Net profit for the year	-	-	-	5,843,298	5,843,298
Balance as of December 31, 2022	27,408	32,385,913	7,928,161	78,650,013	118,964,087

(See accompanying notes to the financial statements)

Notes to the financial statements

NOTE 1 - NATURE OF BUSINESS

Piramal Healthcare (Canada) Limited ("PHCL" or "the Company") was incorporated under the Canada Business Corporations Act. On March 22, 2016, Piramal Holdings (Suisse) SA transferred its investments in PHCL to Piramal Dutch Holdings N.V. In August 2022, Piramal Enterprises Limited ("PEL"), the erstwhile ultimate parent company of PHCL, got the approval for demerger and demerged the Pharma business under the company, Piramal Pharma Limited, which is now the ultimate parent company of PHCL and is a public listed company on stock exchanges in India. The Company's primary business is to supply pre-clinical, clinical, and commercial applications to the pharmaceutical industry. The Company is located at Aurora in Ontario, Canada.

NOTE 2 - BASIS OF PREPARATION

Fiscal year

These financial statements of the Company are presented for the calendar years ended December 31, 2022, and December 31, 2021.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issuance by the Board of Directors as on April 18, 2023

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The Company's functional and presentation currency is Canadian dollars.

Use of estimates and judgements

The preparation of these financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from such estimates.

Management bases the estimates on a number of factors, including historical experience, current events, and actions that the Company may undertake in the future and other assumptions that the Company believes are reasonable under the circumstances. Estimates are used in accounting for items and matters such as revenues, expected credit loss allowance, allowance for obsolete inventory, useful lives of property, plant and equipment and intangible assets, legal and tax contingencies, compensation cost for stock appreciation rights and income taxes. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- i. Revenue from contracts with customers: The Management applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers such as identifying performance obligations, estimating relative standalone selling price of items not sold separately, and

determining timing of satisfaction of performance obligations for revenue from research and development contracts.

- ii. Income taxes: Management uses estimates when determining current and deferred income taxes. These estimates are used to determine the recoverability of tax loss carry forward amounts, research and development expenditures and investment tax credits.
- iii. Fair value measurement:

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted).
- Level 2: Observable direct or indirect inputs other than Level 1 inputs.
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

The Company's financial instruments consist of cash and cash equivalents, trade and other accounts receivable, trade and other payable and related party loans. The carrying value of these financial assets and liabilities equals or approximates the fair value.

- iv. Expected credit loss:

When determining the provision for impairment loss on financial assets carried at amortized cost, in line with expected credit loss model, the Company considers reasonable and supportable information that includes both quantitative and qualitative information and analysis, based on the company's historical experience and credit assessment and including forward-looking information.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements:

1. Financial instruments:

i. Non-derivative financial assets:

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company applies the expected credit loss model to trade receivables for recognising impairment loss on financial assets that measured at amortised cost. While related party loans are also subject to the impairment requirements of IFRS 9, the expected credit loss (ECL) model has not been applied as the related party receivables are considered good and recoverable.

For trade receivables or any contractual right to receive cash or other financial asset that result from transactions that are within the scope of IFRS 15, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss (ECL) allowance for trade receivables, the Company has used a practical expedient as permitted under IFRS 9. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information (Refer Note 5).

a) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash, trade and other receivables and loans to related parties.

The Company has the following non-derivative financial assets:

b) Cash and cash equivalents

Cash comprises cash on hand, term deposits and certificates of deposits with an original term to maturity at purchase of three months or less are reported as cash equivalents on the statement of financial position and for the purpose of statement of cash flows.

c) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected loss provision.

For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated expected credit loss provision.

ii. Non-derivative financial liabilities:

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets and liabilities are offset, and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables and payable to parent company.

a) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

iii. Share capital

Common shares

Class A common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax, from the proceeds.

2. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the moving average method. Net realizable value is the estimated selling price less applicable selling expenses. If the carrying value exceeds net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exists.

3. Property, plant, and equipment

Items of property plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant, and equipment so as to write off their carrying value over their expected useful economic lives. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit and loss. Depreciation is provided over the estimated useful lives using the declining balance method at the following rates:

Land improvements	10%
Building	10%
Laboratory and instrumentation equipment	14% - 20%
Furniture and fixtures	20%
Motor vehicles	9.5%

During the year, the Company revised its method of depreciation from declining balance method to straight line method and has accounted for that on a prospective basis from April 1, 2022. The impact of the change in method of depreciation resulted in a decrease in depreciation expense from CAD 400,000 per month in diminishing balance method to CAD 220,000 per month in straight line method, total decrease in depreciation amounts to approximately CAD 1 million therefore increasing the net profit (income statement net of taxes and retained earnings) by approximately CAD 1 million. Useful life of assets estimated by management is as follows:

Assets	Estimated useful life of assets
Land improvements	33 Years
Building	33 Years

Plant and Machinery	12 Years
Laboratory and instrumentation equipment	10 Years
Furniture and fixtures	5 Years
Motor vehicles	8 Years
Computer and computer hardware/software	3 – 6 Years

4. *Impairment of non-financial assets:*

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount, i.e., the higher of the fair value less cost to sell and the value-in-use is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in net profit in the statement of operations is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

5. *Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

6. *Revenue from contracts with customers*

Revenues are recognized through profit and loss when the Company transfers control of goods and services to a customer either over time or at a point in time in exchange for a consideration. Revenue from providing services is recognized in the accounting period in which the services are rendered.

Revenue from research and development contracts:

Performance obligations in research and development contracts involving contract milestones are separately identified that are capable of being distinct. The transaction price is allocated to separate performance obligations based on relative standalone selling prices and is measured based on expected value transferred to a customer. Revenue is recognized when performance obligation is satisfied at a point of time and control is transferred to the customer, upon completion of contract milestone.

Revenue from time and material-based contract milestones are recognized at a point of time based on number of hours spent on the related services performed applying the contracted rates. Revenue is recognized in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Certain customer contracts require deposits to be received upon contract initiation. Such amounts are accounted as contract liability, presented as 'deferred revenue' in other current liabilities. These deposit amounts are recognized as revenue upon the completion of the related contract milestones. Billings in advance of work performed are accounted as contract liability, included in deferred revenue. Contract assets represents right to consideration in exchange of services provided to a customer and has been presented as unbilled revenue under current assets.

Revenue from sale of products:

Revenues related to sale of products is recognized at a point in time when control of the asset is transferred to the customer based on an overall assessment of the existence of a right to payment, the allocation of ownership rights,

the transfer of physical possession, the transfer of risk and rewards, and acceptance by the customer. In case of product sales undertaken by the Company, sales are recognized when control of the products has transferred, being when the products are either delivered to pre-agreed location or shipped from the warehouse, as agreed in the contract, the risk and rewards has transferred, the entity has right to payment and has transferred legal title to a customer. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts.

7. *Other non-operating income*

Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of relevant agreement (provided that it is probable that the economic benefits will flow, and the amount of revenue can be measured reliably). Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

8. *Leases*

Effects of changes in accounting policies

The Company applied IFRS 16 using the modified retrospective approach with effect from January 1, 2019

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

Lease liabilities are initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Right of use assets are initially measured at the amount of the lease liability subject to necessary adjustments per IFRS 16.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Practical expedients utilized

The Company elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The Company has not applied the recognition and measurement requirements of IFRS 16 to an asset on lease where the Management believes it to be a low value asset based on materiality considerations as per IAS 1 – 'Presentation of Financial Statements' which states that the presentation of financial statements does not require to be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply.

There are no other assets on lease that are utilized by the Company. Accordingly, the management believes that the financial statements will not be materially misstated in aggregate or otherwise.

9. Finance income and finance cost

The Company's finance income and finance cost includes:

- Interest income
- Interest expense

Interest income and expense are recognized using effective interest rate method. Finance costs comprise interest expense on borrowings and/or credit facility obtained from the banks and related party entities and interest on lease liabilities.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

10. Research and development costs

The Company expenses all research costs as incurred. Product development costs are expensed in the period incurred unless such costs meet the criteria for deferral and amortization. The Company's policy is to amortize deferred product development expenditures over the expected future life of the product once product revenues or royalties are recorded. No product development expenditures have been deferred to date.

11. Retirement benefits

The Company's contribution to pension fund is considered as a defined contribution plan, as the Company does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense when employees have rendered service entitling them to contributions.

12. Investment tax credits

The Company is entitled to federal and provincial investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Income tax investment tax credits related to expensed research and development costs are recorded as a reduction of the total expenditure. Income tax investment tax credits related to property and equipment are accounted for as a reduction in the cost of the related asset.

13. Foreign currency translation

Monetary assets and liabilities of the Company which are denominated in foreign currencies are translated at year-end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired, and liabilities incurred. Revenue and expenses are translated at the rates of exchange prevailing at the closing of the previous month. The resulting gains or losses are included in the statements of operations.

Foreign currency gains and losses are reported on a net basis.

14. Income taxes

The Company uses the asset and liability method of accounting for deferred incomes taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. The

effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

15. Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its Class A common shares. Basic EPS is calculated by dividing the profit or loss attributable to the holders of Class A common shares of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to the holders of Class A common shares and the weighted average number of Class A common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible debentures, redeemable shares, warrants, rights and share options granted to employees.

16. Standards that are issued but not yet effective and not adopted by the Company

The IASB issued number of standards, amendments to standards and interpretations that have not been adopted early by the company in preparing these financial statements.

1. Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statements.

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

2. Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The Company is currently evaluating the possible impact of the amendments to IAS 37 on the financial statements, but at this stage it is unable to assess such impact.

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at	
	December 31, 2022	December 31, 2021
Bank balance	2,496,115	2,701,705
Total	2,496,115	2,701,705

NOTE 5 - TRADE AND OTHER ACCOUNTS RECEIVABLE

The Company's accounts receivable primarily relate to supply of pre-clinical, clinical, and commercial applications to the pharmaceutical industry for domestic markets and for exports primarily to North America & Europe.

	As at	
	December 31, 2022	December 31, 2021
Accounts receivable		
- Exports	11,818,380	9,867,264
- Domestic	43,229	47,495
Total	11,861,609	9,914,759
Less: Provision for doubtful debts	(169,757)	(164,236)
Trade and other accounts receivable, net	11,691,852	9,750,523

The movement in expected credit loss allowance balance are as given below:

	Year ended	
	December 31, 2022	December 31, 2021
Balance at beginning of the year	164,236	161,181
Provisions made during the year	5,521	3,055
Balance at end of the year	169,757	164,236

Credit risk:

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily trade receivables.

The credit period to customers ranges from 30 to 60 days. For every new customer (except established large pharma companies), the Company performs a credit rating check using an external credit agency. If a customer clears the credit rating check, the credit limit for that customer is derived using internally documented scoring systems. The credit limits for all the customers are reviewed on an ongoing basis.

Of the trade receivables balance as at December 31, 2022 of CAD 11,861,609, the top five customers of the Company represent a balance of CAD 7,909,736 constituting 68% of total receivables balance. One customer represents more than 24% of total balance of trade receivables i.e., CAD 2,761,141. Of the trade receivables balance as at December 31, 2021 of CAD 9,914,759, the top five customers of the Company represent a balance of CAD 6,819,614 constituting 69% of total receivables balance. One customer represents more than 49% of total balance of trade receivables i.e., CAD 4,862,293.

The Company does not hold any collateral as security.

The Company has used a practical expedient by computing the expected credit loss allowance for external trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. Management estimates that balances that are past due for more than 30 days are still collectible in full, based on historic payment behaviour and extensive analysis of customers' credit risk, including underlying customers' credit ratings if available.

The provision matrix at the end of the reporting period is as follows:

	Expected credit loss (%) - For external customers
Ageing	
Less than 90 days	0%
91 days to 365 days	0%
More than 365 days	100%

	As at	
	December 31, 2022	December 31, 2021
Ageing of expected credit loss		
Within due date	-	-
After due date	169,757	164,236

	As at	
	December 31, 2022	December 31, 2021
Ageing of trade receivables		
Less than 365 days	11,691,852	9,750,147
More than 365 days	169,757	164,612
Total	11,861,609	9,914,759

NOTE 6 - INVENTORIES

Inventories comprise of:

	As at	
	December 31, 2022	December 31, 2021
Raw materials	4,546,307	3,541,549
Contracts-in-progress	2,786,869	2,468,376
Engineered products and spares	2,762,464	1,797,005
Finished products and material	1,018,935	977,708
Less: Provision for obsolescence and write-off	(2,014,290)	(676,833)
Total inventories	9,100,285	8,107,805

The activities in provision for inventories account for year 2022 and 2021 are as given below-

	Year ended	
	December 31, 2022	December 31, 2021
Balance at beginning of the year	676,833	710,014
Provisions made during the year	1,337,457	-
Provision utilised during the year	-	(33,181)
Balance at end of the year	2,014,290	676,833

NOTE 7 - LONG-TERM RECEIVABLES AND OTHER ASSETS

Long-term receivables and other assets comprise of:

	As at	
	December 31, 2022	December 31, 2021
Due from affiliates:		
Piramal Holdings (Suisse) SA	10	10
Total	10	10

On September 1, 2013, long term receivable of CAD 10 from Piramal Holdings (Suisse) SA was taken over, at book value, from an affiliate, on account of amalgamation.

NOTE 8 - RELATED PARTY LOANS

Loan to Piramal Pharma Inc. (“PPI”)

During the year ended December 31, 2017, the Company advanced loan to its related party, PPI vide agreement dated September 21, 2017 amounting to USD 2,500,000, equivalent CAD 3,164,000. This is an unsecured loan provided for PPI’s business purposes with an interest rate of 5% p.a. The loan is repayable on demand. During the year ended December 31, 2018, the Company advanced additional USD 3,000,000, equivalent CAD 3,847,800 to PPI out of which USD 2,878,804, equivalent CAD 3,772,712 was repaid by PPI during the year ended December 31, 2018 itself.

The balance outstanding on December 31, 2022 is CAD 3,239,088 (USD 2,621,196), out of which unrealized exchange gain on the loan balance outstanding is CAD 336,778 and December 31, 2021 is CAD 3,146,588 (USD 2,621,196), out of which unrealized exchange gain on the loan balance outstanding is CAD 92,500.

Loan to Piramal Pharma Solutions Inc. (“PPSI”)

During the year ended December 31, 2018, the Company extended borrowing facility to its related party, PPSI vide agreement dated July 31, 2018 up to USD 10,000,000, this was later amended vide addendum dated June 30, 2020 to increase the available limit up to USD 15,000,000. The Company in 2018 advanced loan amounting to USD 5,750,000, equivalent CAD 7,542,125. This is an unsecured loan provided for PPSI’s business purposes with an interest rate of 5% p.a. The loan is repayable on demand. During the year ended December 31, 2019, the Company advanced additional USD 5,400,000, equivalent CAD 7,152,200 to PPSI. During the year ended December 31, 2020, the Company advanced additional USD 3,500,000, equivalent CAD 4,718,200 to PPSI of which USD 1,750,000 equivalent to CAD 2,323,475 was repaid during the same year.

During the year ended December 31, 2022, the Company advanced additional loan amounting to USD 7,000,000, equivalent CAD 8,902,400. The balance outstanding on December 31, 2022 is CAD 25,991,450 (USD \$19,900,000), out of which unrealized exchange gain on the loan balance outstanding is CAD \$1,011,747. The balance outstanding as on December 31, 2021 is CAD 16,601,030 (USD 12,900,000), out of which unrealized exchange gain on the loan balance outstanding is CAD 488,020.

Loan to Ash Stevens LLC (“Ash Stevens”)

During the year ended December 31, 2022, the Company advanced loan amounting to USD 2,295,000, equivalent CAD 2,949,246 out of which USD 727,317 equivalent to CAD 924,828 was repaid during the same year. This is an unsecured loan provided for PPS-Ash Stevens’s business purposes with an interest rate of 5% p.a. The loan is repayable on demand. The balance outstanding as on December 31, 2022 is CAD 2,024,418 (USD 1,567,683) out of which unrealized exchange gain on the loan balance outstanding is CAD 100,023.

Loan to PEL Healthcare LLC (“PEL”)

During the year ended December 31, 2020, the Company extended borrowing facility to its related party, PEL Healthcare LLC Limited. vide agreement dated September 25, 2020, up to USD 10 million. During the year 2020, Company advanced loan amounting to USD 2,000,000, equivalent CAD 2,635,600, the same was repaid during the year, hence balance on December 31, 2020, was Nil. During the year ended December 31, 2022, the Company advanced loan amounting to USD 3,000,000, equivalent CAD 3,814,800. This is an unsecured loan provided for PEL’s business purposes with an interest rate of 7% p.a. The loan is repayable on demand. The balance outstanding as on December 31, 2022, is CAD 3,814,800 (USD 3,000,000) which includes unrealized exchange gain on the loan balance outstanding amounting for CAD 253,604.

Piramal Healthcare (Canada) Limited
Financial Statements
December 31, 2022, and December 31, 2021

Loan balances outstanding as at each year end in CAD are as follows:

	As at	
	December 31, 2022	December 31, 2021
Piramal Pharma Inc.	3,575,866	3,146,588
Piramal Pharma Solutions Inc.	27,003,196	16,601,030
Piramal Pharma Solutions Ash Stevens	2,124,442	-
PEL Healthcare LLC	4,068,404	-
Total	36,771,908	19,747,618

During the year ended December 31, 2022, total interest earned amounted to CAD 1,606,291 (December 31, 2021: CAD 972,997). Foreign exchange revaluation for the year ended December 31, 2022, is CAD 1,702,152.

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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

Particulars	Land and land improvement	Building	Laboratory and instrumentation equipment	Furniture and fixtures	Motor vehicle	Assets under construction	Total
Cost							
As at January 01, 2022	1,626,424	3,060,936	20,808,884	1,986,029	15,064	29,636,941	57,134,278
Additions	-	-	19,496	-	-	3,740,079	3,759,575
Transfer from assets under construction	234,158	23,512,393	7,517,647	214,632	-	(31,478,830)	-
Deletions	-	-	(451,136)	(30,233)	(15,064)	-	(496,433)
As at December 31, 2022	1,860,582	26,573,329	27,894,891	2,170,428	-	1,898,190	60,397,420
Accumulated depreciation							
As at January 01, 2022	458,467	2,278,029	12,678,460	1,721,139	10,975	-	17,147,070
Depreciation charge	64,884	947,558	2,425,048	186,498	136	-	3,624,124
Deletions	-	-	(443,524)	(30,233)	(11,111)	-	(484,868)
As at December 31, 2022	523,351	3,225,587	14,659,984	1,877,404	-	-	20,286,326
Net book value at December 31, 2022	1,337,231	23,347,742	13,234,907	293,024	-	1,898,190	40,111,094

Depreciation expense during the year ended December 31, 2022 is CAD 3,624,124.

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Particulars	Land and land improvement	Building	Laboratory and instrumentation equipment	Furniture and fixtures	Motor vehicle	Assets under construction	Total
Cost							
As at January 01, 2021	1,626,424	3,060,936	19,503,383	1,873,877	15,064	8,806,532	34,886,216
Additions	-	-	-	-	-	22,248,062	22,248,062
Transfer from assets under construction	-	-	1,305,501	112,152	-	(1,417,653)	-
Deletions	-	-	-	-	-	-	-
As at December 31, 2021	1,626,424	3,060,936	20,808,884	1,986,029	15,064	29,636,941	57,134,278
Accumulated depreciation							
As at January 01, 2021	420,951	2,191,074	11,254,049	1,670,486	10,542	-	15,547,102
Depreciation charge	37,516	86,955	1,424,411	50,653	433	-	1,599,968
Deletions	-	-	-	-	-	-	-
As at December 31, 2021	458,467	2,278,029	12,678,460	1,721,139	10,975	-	17,147,070
Net book value at December 31, 2021	1,167,957	782,907	8,130,424	264,890	4,089	29,636,941	39,987,208

Depreciation expense during the year ended December 31, 2021 is CAD 1,599,968.

NOTE 10 - TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

	As at	
	December 31, 2022	December 31, 2021
Trade payable due to related party	1,585,287	398,340
Other trade payables	1,687,908	2,651,351
Total trade payables	3,273,195	3,049,691
Other payables	735,922	437,799
Total trade and other payables	4,009,117	3,487,490

NOTE 11 - PROVISIONS

Movement in provisions for the year ended December 31, 2022, is as follows:

	Balance as on January 1, 2022	Provisions made during the year	Provisions utilized during the year	Provision reversed during the year	Balance as on December 31, 2022
Provision for bonus	781,043	1,337,961	(1,031,034)	(67,932)	1,020,038
Provision clinical study	14,030	1,696	(789)	-	14,937
Other provisions	2,960,234	43,024,760	(41,864,661)	(292,817)	3,827,516
Total provisions	3,755,307	44,364,417	(42,896,484)	(360,749)	4,862,491
Less: Long term provision	(14,030)	(1,696)	789	-	(14,937)
Short term provisions	3,741,277	44,362,721	(42,895,695)	(360,749)	4,847,554

	Current provision	Non - current provision	Total
Provision for bonus	1,020,038	-	1,020,038
Provision clinical study	-	14,937	14,937
Other provisions	3,827,516	-	3,827,516
	4,847,554	14,937	4,862,491

Movement in provisions for the year ended December 31, 2021, is as follows:

	Balance as on January 1, 2021	Provisions made during the year	Provisions utilized during the year	Provision reversed during the year	Balance as on December 31, 2021
Provision for bonus	666,307	1,369,226	(1,254,490)	-	781,043
Provision clinical study	14,061	789	(820)	-	14,030
Other provisions	1,299,604	24,113,102	(22,376,978)	(75,494)	2,960,234
Total provisions	1,979,972	25,483,117	(23,632,288)	(75,494)	3,755,307
Less: Long term provision	(14,061)	(789)	820	-	(14,030)
Short term provisions	1,965,911	25,482,328	(23,631,468)	(75,494)	3,741,277

	Current provision	Non - current provision	Total
Provision for bonus	781,043	-	781,043
Provision clinical study	-	14,030	14,030
Other provisions	2,960,234	-	2,960,234
	3,741,277	14,030	3,755,307

Pursuant to closure deal of Bio-Orthopaedics Division, through the sale of the division to Smith & Nephew Orthopedics AG, the Company is required to conduct post-market clinical trials over a period of agreed timelines. As per the agreement, the Company will be reimbursed if the aggregate cost to perform clinical trials exceeds USD 2,500,000 regardless of the outcome of the clinical trials. The Company provided for the cost towards such onerous contract amounting to CAD 3,370,250 equivalent to USD 2,500,000. The provision is reduced by the expenses amounting to CAD 3,355,313 equivalent to USD 2,488,973 incurred for the post-market clinical trial. No additional costs were incurred during the current year.

Provision for bonus includes provision for stock appreciation rights of CAD NIL (December 31, 2021: CAD 22,824) (Refer Note 15).

NOTE 12 - BORROWINGS

During the year ended December 31, 2022, the Company ("borrower") obtained USD 10,000,000 uncommitted credit facility from Citibank which is due on demand and bears interest at a base rate for US dollar advances or prime rate plus 2% per annum for Canadian dollar advances amounting to CAD 342,912. At December 31, 2022 the Company had drawn CAD 13,546,000 under this facility which comprises of unrealized foreign exchange loss as on December 31, 2022 for CAD 844,400.

	As at	
	December 31, 2022	December 31, 2021
Loan from Citibank	13,546,000	
Loan from Piramal Dutch Holdings*	3,245,000	-
Interest payable on borrowings	398,281	
Total borrowings	17,189,281	-

*Loan from Piramal Dutch Holdings

During the year ended December 31, 2022, the Company obtained loan amounting to USD 2,500,000, equivalent CAD 3,245,000. The balance outstanding to be paid as on December 31, 2022, is CAD 3,245,000 (USD 2,500,000). Interest payable @ 5% p.a.

Loan balance payable as at year end in CAD are as follows:

	As at	
	December 31, 2022	December 31, 2021
Piramal Dutch Holdings	3,245,000	-
Total	3,245,000	-

During the year ended December 31, 2022, total interest payable amounted to CAD 55,369 (USD 41,096).

NOTE 13 - SHARE CAPITAL

Authorized

PHCL, the amalgamated company, is authorized to issue an unlimited number of shares of following class of shares:

Class A, common shares, voting rights

Class B, common shares, voting and exchange rights

Class C, preferred shares, redeemable, no dividend, voting rights

Class D, preferred shares, redeemable, non-cumulative dividend at 1% per month, voting and retraction rights

Class E, preferred shares, redeemable, non-cumulative dividend at 1% per month, voting and retraction rights

Class F, preferred shares, redeemable, non-cumulative dividend at 1% per month, non-voting, retractable

Class G, preferred shares, redeemable, non-cumulative dividend at 1% per month, non-voting, retractable

Class H, preferred shares, redeemable, non-cumulative dividend at 8% per year, non-voting, retractable

Class I, preferred shares, redeemable, non-cumulative dividend at 8% per year, non-voting

	As at	
	December 31, 2022	December 31, 2021
Issued		
27,408 Class A, common shares*	32,385,913	32,385,913
Total	32,385,913	32,385,913

On March 22, 2016, Piramal Holdings (Suisse) SA, transferred its investments comprising 27,408 Class A shares of PHCL to its affiliate company, Piramal Dutch Holdings N.V. for a consideration of CHF 36,000,000 (CAD 48,197,415). Pursuant to such transfer of shares, the Company has become the wholly owned subsidiary of Piramal Dutch Holdings N.V.

NOTE 14 - CAPITAL RESERVE

The capital reserve of CAD 7,928,161 represents the stated capital of the amalgamating companies in excess of the stated capital of the new shares issued on amalgamation, net of intercompany shareholding eliminations.

The Company was amalgamated with its immediate parent companies NPIL Holdings (Canada) Inc. and 4396642 Canada Inc. (formerly 511778 N.B. Inc.). The combined companies continue to operate as PHCL which was a wholly owned subsidiary of Piramal Investments Holdings (Canada) Inc. This transaction between the related parties was recorded at the carrying values as reported on each company's respective financial statements as at November 30, 2006. Piramal Investments Holdings (Canada) Inc. was later amalgamated into PHCL on Sept 01, 2013.

NOTE 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

15.1 Disaggregated revenue information

	For the year ended	
	December 31, 2022	December 31, 2021
Type of goods or services		
Research and development service contracts	41,104,316	30,151,446
Sale of manufactured products	17,677,582	16,999,408
Total	58,781,898	47,150,854

Timing of revenue recognition

Services transferred at a point of time	32,260,443	20,860,907
Services transferred over a period of time	8,843,873	9,290,539
Goods transferred at a point of time	17,677,582	16,999,408
Total	58,781,898	47,150,854

15.2 Contract balances

	As at	
	December 31, 2022	December 31, 2021
Trade and other accounts receivables (Note 5)	11,691,852	9,750,523
Contract assets	5,144,588	2,712,034
Contract liabilities	1,531,863	4,054,842

Trade and other accounts receivable are non-interest bearing and are generally on terms of 30 to 60 days. As at December 31, 2022, CAD 169,758 (December 31, 2021, CAD 164,237) was recognized as provision for expected credit losses on trade and other accounts receivable.

Contract assets are initially recognized for revenue earned from contract manufacturing services as receipt of consideration is conditional on successful completion of performance obligation. Upon completion of the performance obligation and acceptance by the customer, the amounts recognized as contract assets are reclassified to trade receivables.

Contract liabilities include short-term advances received upon signing of the contracts. These are presented as deferred revenue in the statement of financial position. Decrease in contract liabilities is due to decrease in number of contracts involving large quantum of advances.

Set out below is the amount of revenue recognized from:

	For the year ended	
	December 31, 2022	December 31, 2021
Amounts included in contract liabilities at the beginning of the year	4,054,842	843,347
Performance obligations satisfied in previous years	-	-

15.3 Right of return assets and liabilities

The Company does not have any right of return assets and liabilities as at December 31, 2022 and 2021.

15.4 Performance obligation

Performance obligation for different types of revenues has been summarized in the Note 3.6. As a practical expedient provided in IFRS 15.121, the Company has decided not to disclose the amount of the remaining performance obligations for contracts with the original expected duration of less than one year.

NOTE 16 - FINANCE INCOME/(EXPENSE)

	As at	
	December 31, 2022	December 31, 2021
Interest earned from related party	1,606,291	972,997
Interest payable to related party	(55,369)	-
Interest payable to others	(335,403)	(29)

Interest receivable from others	1,642	4060
Total	1,217,161	977,028

NOTE 17 - STOCK APPRECIATION RIGHTS ("SAR")

The Company, in 2014, introduced a compensation scheme, to award the scheme participants, a cash reward equivalent to the difference in the base price of India public listed ultimate parent company, Piramal Pharma Limited, pre-determined in the agreement and the share price of Piramal Pharma Limited as on each vesting date, which shall be paid to the participant, subject to the performance conditions specified in the plan document. Following is the summary of the ongoing schemes as at December 31, 2019:

Scheme name	SARs outstanding	Base price	Weighted average remaining contractual life
F – 18	1,132	INR 1,890	7 months

At December 31, 2019, 1,132 SARs are outstanding that have been issued under the two previous plans. During the year ended December 31, 2021, and December 31, 2020, the Company granted no additional SARs to its employees.

Activity under the plan is as follows:

	Number of SARs	SAR's outstanding Weighted average exercise price (INR)	Weighted average remaining contractual life (months)
Balance—December 31, 2019	1,132	1,890	7
Granted	-	-	-
Exercised	1,132	1,890	-
Cancelled	-	-	-
Balance—December 31, 2020	-	-	-
Balance—December 31, 2020	-	-	-
Granted	-	-	-
Exercised	-	-	-
Cancelled	-	-	-
Balance—December 31, 2021	-	-	-
Balance—December 31, 2021	-	-	-
Granted	-	-	-
Exercised	-	-	-
Cancelled	-	-	-
Balance—December 31, 2022	-	-	-

The SAR's outstanding as of December 31, 2022 and December 31, 2021 were NIL.

Details of the compensation expense recognized during the year:

	Year ended	
	December 31, 2022	December 31, 2021
Salaries and employee benefits	-	-
Total	-	-

The SAR's outstanding as of December 31, 2022, and December 31, 2021 were NIL.

NOTE 18 - INCOME TAXES

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes is as follows:

	Year ended	
	December 31, 2022	December 31, 2021
Net income before tax	8,301,672	14,091,954
Statutory federal and provincial income tax rates	26.50%	26.50%
	2,199,943	3,734,368
<u>Increase (decrease) in income taxes resulting from</u>		
Non-deductible items	(451,988)	475,864
True-up of tax provision	647,377	9,680,124
Deferred tax asset not recognized in previous year	63,042	(15,344,746)
Prior year income tax	-	744,630
Income taxes (net)	2,458,374	(709,760)
Current income tax expense	2,084,799	3,801,150
Deferred tax expense (benefit)	373,575	(4,510,910)
Income taxes (net)	2,458,374	(709,760)

The Company has accumulated investment tax credits which can be applied to reduce future year's federal income taxes which expire as follows:

	As at	
Expiring at December 31,	December 31, 2022	December 31, 2021
2028	-	2,147,450
2029	806,194	1,772,631
2030	2,447,759	2,447,759
2031	3,386,454	3,386,454
2032	2,827,681	2,827,681
2033	2,197,735	2,197,735
2034	2,128,316	2,128,316
2035	1,882,189	1,882,189
2036	1,955,347	1,955,347
2037	1,535,218	1,535,218
2038	2,158,812	2,158,812
2039	2,331,159	2,331,159
2040	1,899,852	1,899,852
2041	2,124,085	2,124,085
2042	2,124,085	-
Total	29,804,796	30,794,688

During the year ended December 31, 2022, investment tax credits and SR&ED expenses of CAD 1,739,327 (December 31, 2021: CAD 3,053,520) were used to reduce federal and provincial taxes otherwise payable. These investments tax credits and SR & ED pool credits related to current expenses have been included in the determination of net profit for the year.

The Company has accumulated SR & ED expenses in the amount of CAD 54,019,164 (December 31, 2021: CAD 56,765,798) for federal and provincial income tax purposes, which have not been deducted. These amounts can be carried forward for an indefinite period and can be applied against regular business income.

Management has determined that on account of future profitability, the Company will be able to utilize the accumulated investment tax credit and SR & ED expenses and full amount of deferred tax asset of CAD 36,600,349 (December 31, 2020: CAD 36,973,924) has been recognized in the financial statements.

The income tax effects of temporary differences that gave rise to significant portions of the deferred income tax assets and deferred income tax liabilities were as follows:

	As at	
	December 31, 2022	December 31, 2021
Deferred income tax assets		
Investment tax credits and SR & ED expenses	34,989,777	35,783,698
Property, plant, and equipment	1,055,822	1,016,241
Others	554,750	173,985
Less: valuation allowance	-	-
Net deferred tax asset	36,600,349	36,973,924

NOTE 19: EARNINGS PER SHARE

	Year ended	
	December 31, 2022	December 31, 2021
<u>Basic earnings per share</u>		
Total income attributable to owners of the Company (A)	5,843,298	14,801,714
Weighted average number of equity shares (Nos.) (B)	27,408	27,408
Basic earnings per share (A)/(B)	213.20	540.05
<u>Diluted earnings per share</u>		
Total income attributable to owners of the Company (A) for calculation of diluted earnings per share	5,843,298	14,801,714
Weighted average number of shares used for calculation of diluted earnings per share (B) (Nos.)	27,408	27,408
Diluted earnings per share (A)/(B)	213.20	540.05

NOTE 20: RELATED PARTY TRANSACTIONS

- A. Related parties:
- Piramal Holdings (Suisse) SA – (Immediate Parent company till March 21, 2017)
 - Piramal Pharma Limited – Ultimate holding company
 - Piramal Dutch Holdings N.V. – (Immediate Parent company from March 22, 2017)
 - Piramal Enterprises Limited - Affiliate company
 - Piramal Pharmaceuticals (UK) Ltd - Affiliate company
 - PEL Healthcare LLC - Affiliate company
 - Ash Stevens LLC – Affiliate company
 - Piramal Healthcare (UK) Limited – Affiliate company
 - Piramal Corporate Services Limited – Affiliate company
 - Piramal Pharma Solutions Inc – Affiliate company

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- k. Piramal Pharma Inc. (formerly known as NPIL Pharma Inc.). – Affiliate company
l. PEL Pharma Inc - Affiliate company

B. Summary of transactions with related parties are as follows:

	December 31, 2022	December 31, 2021
Long-term receivables and other assets:		
Piramal Holdings Suisse (SA)	10	10
Receivables includes due from*:		
Piramal Enterprises Limited	10,266	3,023
Ash Stevens LLC	885,560	7,750
Piramal Healthcare UK Limited	132,399	62,025
PEL Healthcare LLC	108,764	
Piramal Pharma Solutions Inc	10,444	
Total receivables from related parties	1,147,433	72,798
<i>* Included in 'Trade and other accounts receivables' line item</i>		
Loan interest receivable*:		
PEL Healthcare LLC	164,906	-
Ash Stevens LLC	47,825	-
Piramal Pharma Solutions Inc.	2,184,138	1,570,637
Piramal Pharma Inc.	670,349	486,537
Total interest receivables from related parties	3,067,218	2,057,174
<i>* Included in 'Prepaid and other current assets' line item</i>		
Payable to*:		
Piramal Critical Care Inc	8,426	-
Piramal Enterprises Limited	-	21,640
Piramal Pharma Limited	74,800	106,172
Ash Stevens LLC	1,502,061	270,528
Total payable to related parties	1,585,287	398,340
<i>* Included in 'Trade and other payables' line item</i>		
Loan receivable*:		
Piramal Pharma Inc.	3,575,866	3,146,588
Piramal Pharma Solutions Inc.	27,003,196	16,601,030
Ash Stevens LLC	2,124,442	-
PEL Healthcare LLC	4,068,404	-
Total related party loans	36,771,908	19,747,618
<i>* Included in 'Related party loans' line item</i>		
Loan payable*:		
Piramal Dutch Holdings N.V.	3,245,000	-
Total payable to related parties	3,245,000	-
<i>* Included in 'Borrowings' line item</i>		

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Interest payable*:

Piramal Dutch Holdings N.V.	55,369	-
Total Interest payable	55,369	-
<i>* Included in 'Borrowings' line item</i>		-

Reimbursement of expenses*:

Piramal Pharma Inc.	-	9,629
Ash Stevens LLC	1,502,418	1,249,316
Total reimbursement of expenses	1,502,418	1,258,945
<i>* Included in 'Selling, distribution and administration' line item</i>		

Purchases from*:

Piramal Healthcare (UK) Limited	-	7,695
Piramal Pharma Limited	1,082,997	780,181
Ash Stevens LLC	2,651,025	-
Piramal Critical Care Inc	76,049	-
Piramal Pharma Solutions – Lexington	8,946	-
Total purchases from related parties	3,819,017	787,876
<i>* Included in 'Cost of production' line item</i>		

Sales to*:

Piramal Pharmaceuticals (UK) Ltd	1,603,695	2,024,642
Ash Stevens LLC	918,941	7,750
Piramal Enterprises Ltd	10,266	3,023
PEL Healthcare LLC	108,764	-
Piramal Pharma Solutions Inc	10,444	-
Total sales to related parties	2,652,110	2,035,415
<i>* Included in 'Research and development contracts' line item</i>		

Interest earned for the year*:

Piramal Pharma Inc.	170,098	164,318
Piramal Pharma Solutions Inc.	1,190,335	808,679
PEL Healthcare LLC	164,906	-
Ash Stevens LLC	80,952	-
Total interest earned from related parties	1,606,291	972,997
<i>* Included in 'Finance income' line item</i>		

The transactions are in the normal course of business operations and have been valued in these financial statements at the exchange amount being the amount of consideration established and agreed to by the related parties.

Key management compensation

The Company has determined that the key management personnel of the Company consist of its officers. The compensation included in salaries and employee benefits expenses relating to key management personnel is as follows:

	For the year ended	
	December 31, 2022	December 31, 2021
Salary	769,903	794,668

Pension plan contribution	33,179	34,925
Non-cash benefits	12,222	18,265
Total	815,304	847,858

NOTE 21 - PENSION PLAN

The Company has a defined contribution pension plan. During the year ended December 31, 2022, the Company contributed CAD 678,998 (December 31, 2021: CAD 630,047 to this plan).

NOTE 22 - ECONOMIC DEPENDENCE

The Company earned revenue of CAD 17,727,984 representing 30.16% (December 31, 2021: CAD 15,623,200 i.e., 33.13%) of its total revenue from one customer.

NOTE 23 - RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Credit risk (Refer Note 5)
- Foreign exchange risk
- Market risk, and
- Liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Loan to related parties
- Cash and cash equivalents
- Trade and other payables

Risk management

The management has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Credit risk (Refer Note 5)

Market risk

Market risk arises from the Company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates currency risk or other market factors price risk. The Company is not exposed to interest rate risk as it has financial assets in form of related party loans at fixed interest rates and has not utilized financial liabilities like borrowings based on floating interest rates.

Foreign exchange risk

Foreign exchange risk arises when Company enters into transactions denominated in a currency other than its functional currency i.e., Canadian Dollars. The Company deals with its suppliers majorly in Canadian Dollars

(CAD). Thus, it does not face substantial exposure towards expenses and payables. The Company invoices and does the collection from its customers in US Dollars (USD) and also provides advances to related party in USD.

Following table analyses foreign currency exposures to USD as at the reporting date:

Financial assets and liabilities	December 31, 2022		December 31, 2021	
	USD	CAD	USD	CAD
Cash and cash equivalents	1,064,500	1,441,695	2,132,795	2,713,798
Trade and other receivables	8,471,644	11,375,119	7,525,998	9,484,843
Loan to related parties	27,088,880	35,069,756	15,521,196	19,747,618
Trade payables and provisions	1,491,701	1,988,337	1,153,515	1,475,677

The Company is mainly exposed to currency - USD. Hence the following table analyses the Company's sensitivity to a 5% increase and a 5% decrease in the exchange rates of USD against Canadian Dollars, holding all other variables constant.

Particulars	As at / For the year ended			
	December 31, 2022		December 31, 2021	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Total assets in USD	36,625,024	36,625,024	25,179,989	25,179,989
Total liabilities in USD	1,491,701	1,491,701	1,153,515	1,153,515
Change in exchange rate (in CAD)	0.0369	(0.0369)	0.0396	(0.0396)
Impact on income or loss before tax/equity (pre-tax) for the year	1,296,420	(1,296,420)	950,379	(950,379)

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company has long-term facility and adequate working capital lines from HSBC Bank (current year utilization of overdraft facility is Nil).

The table below provides details regarding the contractual maturities of non-derivative financial liabilities, including estimated interest payments as at December 31, 2022 and December 31, 2021:

Maturities of financial liabilities	December 31, 2022			
	Up to 1 year	1 to 3 years	3 to 5 years	5 years & above
Trade and other payables	4,009,117	-	-	-
Provisions	4,847,554	14,937	-	-
Other financial liabilities	1,531,863	-	-	-
	10,388,534	14,937	-	-

Maturities of financial liabilities	December 31, 2021			
	Up to 1 year	1 to 3 years	3 to 5 years	5 years & above
Trade and other payables	3,487,490	-	-	-
Provisions	3,741,277	14,030	-	-
Other financial liabilities	4,054,842	-	-	-
	11,283,609	14,030	-	-

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below. Balances due within 12 months equal their carrying balances.

Maturities of financial assets	December 31, 2022			
	Up to 1 year	1 to 3 years	3 to 5 years	5 years & above
Trade and other accounts receivable	11,691,851	-		-
Loan to related parties	36,771,909	-	-	-
	48,463,760	-	-	-

Maturities of financial assets	December 31, 2021			
	Up to 1 year	1 to 3 years	3 to 5 years	5 years & above
Trade and other accounts receivable	9,750,523	-		-
Loan to related parties	19,747,618	-	-	-
	29,498,141	-	-	-

NOTE 24 - CAPITAL MANAGEMENT

The Company's primary business is to supply pre-clinical, clinical, and commercial applications to the pharmaceutical industry. It requires ongoing access to capital in order to allow the Company to maintain shareholder and creditor confidence and to sustain the future development of the business. The Company defines capital as share capital, bank indebtedness and intercompany debts, net of cash.

The capital structure of the Company is as follows:

	December 31, 2022	%	December 31, 2021	%
Cash	(2,496,115)	-8%	(2,701,705)	-9%
Share capital	32,385,913	93%	32,385,913	109%
Total	29,889,798	100%	29,684,208	100%

	December 31, 2022	December 31, 2021
Total liabilities	28,455,810	11,297,639
Less: Cash and cash equivalents	(2,496,115)	(2,701,705)
Adjusted net-debt	25,959,695	8,595,934
Total equity	118,964,060	113,120,789
Adjusted equity	118,964,060	113,120,789
Adjusted net debt to adjusted equity ratio	0.22	0.08

The adjusted debt-equity ratio increased from 0.08 in December 31, 2021 to 0.22 in December 31, 2022 due to increase in total liabilities balances as at the year-end leading to increase in adjusted debt.

NOTE 25 – FAIR VALUE MEASUREMENT

Assets and liabilities measured at fair value on a recurring basis

The fair value hierarchy requires the use of observable market data when available. In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability. The following table sets forth by level within the fair value hierarchy, the Company's financial liabilities that are accounted for at fair value on a recurring basis at December 31, 2022 and December 31, 2021, according to the valuation techniques the Company used to determine their fair values.

The following table presents liabilities as of December 31, 2022 and December 31, 2021 that are measured and recognized at fair value on a recurring basis:

	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Balance as on December 31, 2020	-	-	-
Other current liabilities - Foreign exchange forward contracts	-	-	-
Balance as on December 31, 2021	-	-	-
Other current liabilities - Foreign exchange forward contracts	-	863,058	-
Balance as on December 31, 2022	-	863,058	-

The fair value of the foreign exchange forward contracts is calculated by adding the spot rate at the reporting date to the forward points to arrive at the mark to market value of these forward contracts and is routed through fair value through P&L.

Assets and liabilities measured at fair value on a non-recurring basis

Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only under certain circumstances. These include long-lived assets that are written down to fair value when they are held for sale or determined to be impaired. The Company uses Level 3 inputs to measure the fair value of long lived assets on their annual measurement date.

Financial instruments not measured at fair value

The Company's financial instruments consist of cash and cash equivalents, trade and other accounts receivable, trade and other payable and related party loans. The carrying value of these financial assets and liabilities equals or approximates the fair value.

NOTE 26 - EVENTS AFTER REPORTING DATE

The Company evaluated all events and transactions that occurred after December 31, 2022 through April 18, 2023; the date the financial statements were available to be issued. Based on the evaluation the Company is not aware of any events or transactions that require recognition or disclosure in these financial statements.



**Piramal Critical Care Deutschland GmbH
Hallbergmoos**

**Bericht über die Prüfung
des Jahresabschlusses zum 31. Dezember 2022**

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1. Prüfungsauftrag

Die Geschäftsführung der Piramal Critical Care Deutschland GmbH, Hallbergmoos (kurz: "Piramal" oder "Gesellschaft") erteilte uns den Auftrag, den vorliegenden Jahresabschluss zum 31. Dezember 2022 (Anlagen I bis III) unter Einbeziehung der Buchführung für das Geschäftsjahr 2022 in analoger Anwendung von § 316 ff. HGB zu prüfen.

Wir bestätigen gemäß § 321 Abs. 4a HGB, dass wir bei unserer Abschlussprüfung die anwendbaren Vorschriften zur Unabhängigkeit beachtet haben.

Maßgebend für die Durchführung unseres Auftrages und unsere Verantwortlichkeit sind – auch im Verhältnis zu Dritten – die als letzte Anlage beigefügten Allgemeinen Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften in der Fassung vom 1. Januar 2017. Soweit in den für den Auftrag geltenden Vorschriften eine Haftungshöchstsumme nicht festgelegt ist, bestimmt sich diese nach Nr. 9 der Allgemeinen Auftragsbedingungen. Im Verhältnis zu Dritten sind Nr. 1 Abs. 2 und Nr. 9 der Allgemeinen Auftragsbedingungen maßgebend.

Die Buchführung und die Aufstellung des Jahresabschlusses nach den deutschen handelsrechtlichen Vorschriften liegen in der Verantwortung der gesetzlichen Vertreter der Gesellschaft.

Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung und Jahresabschluss überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der angewandten Bilanzierungsgrundsätze und der wesentlichen Einschätzungen der gesetzlichen Vertreter sowie die Würdigung der Gesamtdarstellung des Jahresabschlusses.

Die Prüfung der Einhaltung anderer gesetzlicher Vorschriften gehörte nur insoweit zu den Aufgaben unserer Abschlussprüfung, als sich daraus üblicherweise Rückwirkungen auf den Jahresabschluss ergeben. Die Aufdeckung und Aufklärung strafrechtlicher Tatbestände, wie z.B. Untreuehandlungen oder Unterschlagungen sowie die Feststellung außerhalb der Rechnungslegung begangener Ordnungswidrigkeiten waren nicht Gegenstand unserer Abschlussprüfung.

Wir haben unsere Prüfung mit Unterbrechungen in den Monat Februar bis Mai 2023 in unseren Geschäftsräumen durchgeführt und am 16. Mai 2023 beendet.

Dieser Prüfungsbericht ist an die Gesellschaft gerichtet.

2. Grundsätzliche Feststellungen

2.1 Lage des Unternehmens

2.1.1 Stellungnahme zur Beurteilung durch die gesetzlichen Vertreter

Nach § 321 Abs. 1 Satz 2 HGB haben wir als Abschlussprüfer im Prüfungsbericht vorweg zur Beurteilung der Lage des Unternehmens durch die gesetzlichen Vertreter Stellung zu nehmen. Dabei ist insbesondere auf die Beurteilung des Fortbestands und der zukünftigen Entwicklung des Unternehmens unter Berücksichtigung des Lageberichts einzugehen.

Da zulässigerweise ein Lagebericht nicht aufgestellt wurde, können wir als Abschlussprüfer zur Beurteilung der Lage des Unternehmens durch die gesetzlichen Vertreter, wie sie ansonsten im Lagebericht zum Ausdruck kommt, nicht explizit nach § 321 Absatz 1 Satz 2 HGB Stellung nehmen. Auch in diesem Fall ist es nicht unsere Aufgabe als Abschlussprüfer, die Angaben anstelle der gesetzlichen Vertreter zu machen.

3. Gegenstand, Art und Umfang der Prüfung

Gegenstand unserer Abschlussprüfung waren die Buchführung und der Jahresabschluss zum 31. Dezember 2022. Diese haben wir daraufhin geprüft, ob die deutschen gesetzlichen Vorschriften zur Rechnungslegung beachtet worden sind.

Wir haben unsere Jahresabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des durch den Jahresabschluss unter Beachtung der Grundsätze ordnungsmäßiger Buchführung vermittelten Bildes der Vermögens-, Finanz- und Ertragslage wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Gesellschaft sowie die Erwartungen über mögliche Fehler berücksichtigt. Unsere Berichterstattung erfolgt nach dem Prüfungsstandard IDW PS 450 "Grundsätze ordnungsmäßiger Erstellung von Prüfungsberichten" des Instituts der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf.

Die Buchführung und die Aufstellung des Jahresabschlusses nach den deutschen handelsrechtlichen Vorschriften liegen in der Verantwortung der Geschäftsführung der Gesellschaft. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung ein Urteil über den Jahresabschluss abzugeben.

Ausgangspunkt unserer Prüfung war der ungeprüfte Vorjahresabschluss; er wurde am 29. November 2022 festgestellt.

Unserer Abschlussprüfung haben wir die folgende Prüfungsstrategie zu Grunde gelegt:

Im Rahmen unserer risikoorientierten Prüfungsstrategie haben wir unsere Prüfungshandlungen unter anderem nach den Ergebnissen einer Untersuchung des rechnungslegungsbezogenen internen Kontrollsystems bestimmt. Insbesondere bei Geschäftsvorfällen, die nach ihrer Art in größerer Zahl nach identischen Verfahren erfasst und abgewickelt werden, steht die Prüfung der Kontrollen des Abwicklungsverfahrens im Vordergrund.

Auf der Grundlage unserer Risikobeurteilung haben wir die relevanten Prüffelder und Kriterien (Prüfungsziele) sowie Prüfungsschwerpunkte festgelegt und Prüfprogramme entwickelt. In den Prüfprogrammen wurden Art und Umfang der jeweiligen Prüfungshandlungen festgelegt.

Als Schwerpunkte unserer Prüfung haben wir die Prüfung der Eröffnungsbilanzwerte, den Nachweis und die Bewertung der Vorräte sowie die Vollständigkeit und Bewertung der Rückstellungen festgelegt.

Bei Einzelfallprüfungen haben wir Stichproben in bewusster Auswahl beziehungsweise unter Heranziehung mathematisch-statistischer Auswahlverfahren gezogen.

Zur Prüfung des Nachweises der Vermögensgegenstände und Schulden haben wir unter anderem an der körperlichen Bestandsaufnahme der Vorräte beobachtend teilgenommen.

Die Beurteilung der Angemessenheit des Versicherungsschutzes, insbesondere ob alle Wagnisse bedacht und ausreichend versichert sind, war nicht Gegenstand des Auftrags zur Jahresabschlussprüfung.

Weiterhin war nicht Gegenstand unserer Prüfung, ob der Fortbestand des geprüften Unternehmens oder die Wirksamkeit und Wirtschaftlichkeit der Geschäftsführung zugesichert werden kann (§ 317 Abs. 4a HGB).

Bestätigungen Dritter haben wir in der Weise eingeholt, dass wir hinsichtlich der Bankverbindungen bei den Kreditinstituten Bestätigungen und Mitteilungen zu allen Salden und Geschäftspositionen zum Geschäftsjahresende und zu wesentlichen Vorgängen während des Geschäftsjahres eingeholt haben.

Die gesetzlichen Vertreter haben alle von uns im Prüfungsverlauf erbetenen Aufklärungen und Nachweise gemäß § 320 HGB erbracht, die wir als Abschlussprüfer nach pflichtgemäßem Ermessen zur ordnungsgemäßen Durchführung unserer Prüfung benötigten. Darüber hinaus haben uns die gesetzlichen Vertreter unter dem 16. Mai 2023 die berufsübliche Vollständigkeitserklärung erteilt und bestätigt, dass der von uns geprüfte Jahresabschluss vollständig ist sowie alle buchungspflichtigen Vorgänge in der Buchführung vollständig erfasst sind.

4. Feststellungen und Erläuterungen zur Rechnungslegung

4.1 Buchführung und weitere geprüfte Unterlagen

Die Buchführung entspricht den gesetzlichen Vorschriften einschließlich der Grundsätze ordnungsmäßiger Buchführung.

Die aus den weiteren geprüften Unterlagen entnommenen Informationen führen zu einer ordnungsgemäßen Abbildung in Buchführung und Jahresabschluss.

Zu den organisatorischen Regelungen mit grundlegendem Einfluss auf die Ordnungsmäßigkeit der Buchführung ist zu vermerken, dass die Geschäftsvorfälle im Bereich der Finanzbuchhaltung und der Anlagenbuchhaltung unter Verwendung von EDV-Programmen auf eigenen EDV-Anlagen erfasst werden. Die Gehaltsbuchhaltung wird extern im EDV-Service abgewickelt.

Die Aufzeichnungen der Geschäftsvorfälle der Gesellschaft sind nach unseren Feststellungen vollständig, fortlaufend und zeitgerecht. Der Kontenplan ermöglicht eine klare und übersichtliche Ordnung des Buchungsstoffes mit einer für die Belange der Gesellschaft ausreichenden Gliederungstiefe. Soweit im Rahmen unserer Prüfung Buchungsbelege eingesehen wurden, enthalten diese alle zur ordnungsgemäßen Dokumentation erforderlichen Angaben. Die Belegablage ist numerisch geordnet, so dass der Zugriff auf die Belege unmittelbar anhand der Angaben in den Konten möglich ist. Das interne Kontrollsystem im Rechnungswesen ist entsprechend der Größe des Unternehmens entwickelt und entspricht anerkannten Grundsätzen. Die Buchführung entspricht somit für das gesamte Geschäftsjahr den gesetzlichen Anforderungen.

4.2 Jahresabschluss

4.2.1 Ordnungsmäßigkeit des Jahresabschlusses

Nach § 321 Abs. 2 Satz 1 HGB stellen wir fest, dass der von uns geprüfte Jahresabschluss den gesetzlichen Vorschriften für Kapitalgesellschaften entspricht.

Als Abschlussprüfer stellen wir fest, dass im Jahresabschluss alle für die Rechnungslegung geltenden gesetzlichen Vorschriften einschließlich der Grundsätze ordnungsmäßiger Buchführung, aller größenabhängigen, rechtsformgebundenen oder wirtschaftszweigspezifischen Regelungen beachtet sind.

Die Bilanz und Gewinn- und Verlustrechnung wurden ordnungsgemäß aus der Buchführung und den weiteren geprüften Unterlagen abgeleitet. Die entsprechenden Ansatz-, Bewertungs- und Ausweisvorschriften wurden beachtet.

Der Stetigkeitsgrundsatz, der sich sowohl auf die Ansatz- und Bewertungsmethoden als auch auf die Form der Darstellung bezieht, wurde beachtet.

Die Angaben im Anhang sind vollständig und zutreffend. Die Erleichterung des § 286 Abs. 4 HGB wurde zutreffend in Anspruch genommen.

4.2.2 Gesamtaussage des Jahresabschlusses

Unsere Prüfung hat ergeben, dass § 264 Abs. 2 HGB beachtet wurde und der Abschluss insgesamt, d.h. im Zusammenwirken von Bilanz, Gewinn- und Verlustrechnung und Anhang unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Kapitalgesellschaft vermittelt.

Als analysierende Darstellungen folgen nachstehend Bilanzstrukturübersichten zur Vermögens- und Finanzlage und eine Erfolgsquellenanalyse der Gewinn- und Verlustrechnung zur Ertragslage.

Vermögenslage

Die als Anlage I beigefügte Bilanz zum 31. Dezember 2022 ist in der nachstehenden Übersicht gruppenweise zusammengefasst und den Vorjahreszahlen gegenübergestellt worden. Die Vermögenswerte und Schuldposten wurden nach ihrer zeitlichen Bindung in kurz- und langfristige Posten gegliedert.

	31.12.2022		31.12.2021		Veränderung
	TEuro	%	TEuro	%	TEuro
AKTIVA					
Immaterielle Vermögensgegenstände	0	0,0	0	0,0	0
Sachanlagen	307	7,7	446	13,0	-139
Finanzanlagen	0	0,0	0	0,0	0
Langfristig gebundenes Vermögen	307	7,7	446	13,0	-139
Vorräte	2.018	50,4	2.261	65,8	-243
Kundenforderungen	1.235	30,9	323	9,4	912
Forderungen gegen nahestehende Unternehmen	0	0,0	0	0,0	0
Forderungen gegen Beteiligungsunternehmen	0	0,0	0	0,0	0
Sonstige Vermögensgegenstände und Rechnungsabgrenzungsposten	19	0,5	42	1,3	-23
Flüssige Mittel	424	10,5	362	10,5	62
Kurzfristig gebundenes Vermögen	3.696	92,3	2.988	87,0	708
	<u>4.003</u>	<u>100,0</u>	<u>3.434</u>	<u>100,0</u>	<u>569</u>
PASSIVA					
Eigenkapital	953	23,8	1.199	34,9	-246
Pensionsrückstellungen	0	0,0	0	0,0	0
Verbindlichkeiten Kreditinstitute	0	0,0	0	0,0	0
Langfristiges Kapital	953	23,8	1.199	34,9	-246
Rückstellungen	407	10,2	289	8,4	118
Verbindlichkeiten Kreditinstitute	0	0,0	0	0,0	0
Lieferantenschulden	93	2,3	105	3,1	-12
Erhaltene Anzahlungen	0	0,0	0	0,0	0
Verbindlichkeiten gegenüber verbundenen Unternehmen	2.362	59,0	1.665	48,5	697
Sonstige Verbindlichkeiten	188	4,7	176	5,1	12
Kurzfristiges Kapital	3.050	76,2	2.235	65,1	815
	<u>4.003</u>	<u>100,0</u>	<u>3.434</u>	<u>100,0</u>	<u>569</u>

Finanzlage

Zur Erläuterung der Veränderung der Finanzlage wurden die Abschlusszahlen in Form einer **Kapitalflussrechnung** zusammengestellt.

	<u>2022</u>
	TEuro
LAUFENDE GESCHÄFTSTÄTIGKEIT	
Periodenergebnis	-1.210
+/- Abschreibungen/Zuschreibungen auf Gegenstände des Anlagevermögens	139
+/- Zunahme/Abnahme der Rückstellungen	118
-/+ Zunahme/Abnahme der Vorräte, der Forderungen aus Lieferungen und Leistungen sowie anderer Aktiva, die nicht der Investitions- oder der Finanzierungstätigkeit zuzuordnen sind	-647
+/- Zunahme/Abnahme der Verbindlichkeiten aus Lieferungen und Leistungen sowie anderer Passiva, die nicht der Investitions- oder der Finanzierungstätigkeit zuzuordnen sind	697
+/- Zinsaufwendungen/Zinserträge	<u>37</u>
= Cashflow aus der laufenden Geschäftstätigkeit	-866
FINANZIERUNGSTÄTIGKEIT	
+ Einzahlungen aus Eigenkapitalzuführungen	965
- Gezahlte Zinsen	<u>-37</u>
= Cashflow aus der Finanzierungstätigkeit	928
 = Zunahme/Abnahme des Finanzmittelfonds	 62
Finanzmittelfonds	
zu Beginn des Geschäftsjahres	<u>362</u>
am Ende des Geschäftsjahres	<u><u>424</u></u>
Zusammensetzung des Finanzmittelfonds	
Guthaben bei Kreditinstituten	<u><u>424</u></u>

Ertragslage

Die Ertrags- und Aufwandsposten der Gewinn- und Verlustrechnung für das Geschäftsjahr 2022 wurden nachfolgend nach betriebswirtschaftlichen Gesichtspunkten gegliedert und den Vergleichszahlen des Vorjahres gegenübergestellt.

	2022		2021		Ergebnis- erhöhung/ -verminderung	
	TEuro	%	TEuro	%	TEuro	%
Umsatzerlöse	<u>5.786</u>	100,0	<u>4.703</u>	100,0	<u>1.083</u>	23,0
Gesamtleistung	5.786	100,0	4.703	100,0	1.083	23,0
Materialaufwand	<u>-3.987</u>	-68,9	<u>-3.623</u>	-77,0	<u>-364</u>	-10,0
Rohgewinn	1.799	31,1	1.080	23,0	719	66,6
Personalaufwendungen	-805	-13,9	-748	-15,9	-57	-7,6
Abschreibungen	-139	-2,4	-179	-3,8	40	22,3
Sonstige Aufwendungen	<u>-2.028</u>	-35,1	<u>-1.739</u>	-37,1	<u>-289</u>	-16,6
Betriebliche Aufwendungen	-2.972	-51,4	-2.666	-56,8	-306	-11,5
Betriebsergebnis	-1.173	-20,3	-1.586	-33,8	413	26,0
sonstige Erträge	0	0,0	33	0,7	-33	-100,0
Zinsergebnis	<u>-37</u>	-0,6	<u>-4</u>	-0,1	<u>-33</u>	>-100,0
Ergebnis vor Ertragsteuern	-1.210	-20,9	-1.557	-33,2	347	22,3
Jahresüberschuss	-1.210	-20,9	-1.557	-33,2	347	22,3

4.2.3 Wesentliche Bewertungsgrundlagen und Änderungen in den Bewertungsgrundlagen

Im Verlauf der nachfolgenden Erläuterungen gehen wir auf die Ausübung von Ansatzwahlrechten und die angewandten Bewertungsmethoden ebenso ein wie auf Rechte Dritter an ausgewiesenen Vermögensgegenständen und wesentliche Veränderungen gegenüber dem Vorjahr und deren Ursachen. Einzelerläuterungen nehmen wir in einem Umfang vor, soweit der Anhang nicht ohnehin hierzu bereits ausreichende Angaben enthält.

Immaterielle Vermögensgegenstände und Sachanlagen

Das Anlagevermögen ist durch ein Anlagenverzeichnis nachgewiesen. Die Bewertung erfolgt zu Anschaffungskosten abzüglich angemessener planmäßiger Abschreibungen. Die Gesellschaft schreibt die Anlagegüter wie folgt ab:

	<u>Methode</u>	<u>Jahre</u>
Andere Anlagen, Betriebs- und Geschäftsausstattung	linear	5 - 7

Vorräte

Die Vorräte wurden durch eine Bestandsliste nachgewiesen. Eine Aufnahme findet im Rahmen einer Stichtagsinventur statt. Die Bewertung erfolgt zu Anschaffungskosten oder dem niedrigeren Wert am Bilanzstichtag. Für überalterte oder schwergängige Waren werden angemessene Abwertungen vorgenommen.

Forderungen aus Lieferungen und Leistungen

Die Forderungen sind durch eine Saldenliste nachgewiesen und mit ihren Nennwerten angesetzt.

Forderungen/Verbindlichkeiten gegenüber verbundenen Unternehmen

Der Bestand ist durch Saldenabstimmungen nachgewiesen. Die Bewertung erfolgt zum Nennwert bzw. zum Erfüllungsbetrag.

Kassenbestand, Guthaben bei bzw. Verbindlichkeiten gegenüber Kreditinstituten

Die Bestände sind durch die Saldenliste und Kontoauszüge nachgewiesen.

Rückstellungen

Die übrigen Rückstellungen berücksichtigen alle erkennbaren Risiken und ungewissen Verbindlichkeiten. Sie werden mit den Erfüllungsbeträgen der voraussichtlichen Inanspruchnahme unter Berücksichtigung zukünftiger Preis- und Kostensteigerungen gebildet.

Übrige Vermögensgegenstände und Schulden

Die übrigen Vermögensgegenstände und Schulden sind durch Saldenlisten und vergleichbare Unterlagen nachgewiesen. Sie werden zu Nenn- bzw. Erfüllungswerten angesetzt.

Rechnungsabgrenzung

Aufwendungen und Erträge werden auf das Geschäftsjahr abgegrenzt.

4.2.4 Sachverhaltsgestaltende Maßnahmen

Berichtspflichtige Tatsachen aus sachverhaltsgestaltenden Maßnahmen mit wesentlichen Auswirkungen auf die Gesamtaussage des Jahresabschlusses lagen nach dem Ergebnis unserer Prüfungshandlungen im Prüfungszeitraum nicht vor.

5. Wiedergabe des Bestätigungsvermerks und Schlussbemerkung

5.1 Wiedergabe des Bestätigungsvermerks

Nach dem abschließenden Ergebnis unserer Prüfung haben wir am 16. Mai 2023 den folgenden uneingeschränkten Bestätigungsvermerk erteilt:

"Bestätigungsvermerk des unabhängigen Abschlussprüfers

BESTÄTIGUNGSVERMERK DES UNABHÄNGIGEN ABSCHLUSSPRÜFERS

An die Piramal Critical Care Deutschland GmbH, Hallbergmoos

Prüfungsurteil

Wir haben den Jahresabschluss der Piramal Critical Care Deutschland GmbH, Hallbergmoos, – bestehend aus der Bilanz zum 31. Dezember 2022 und der Gewinn- und Verlustrechnung für das Geschäftsjahr vom 1. Januar 2022 bis zum 31. Dezember 2022 sowie dem Anhang, einschließlich der Darstellung der Bilanzierungs- und Bewertungsmethoden – geprüft.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der beigefügte Jahresabschluss in allen wesentlichen Belangen den deutschen, für Kapitalgesellschaften geltenden handelsrechtlichen Vorschriften und vermittelt unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens- und Finanzlage der Gesellschaft zum 31. Dezember 2022 sowie ihrer Ertragslage für das Geschäftsjahr vom 1. Januar 2022 bis zum 31. Dezember 2022.

Gemäß § 322 Abs. 3 Satz 1 HGB erklären wir, dass unsere Prüfung zu keinen Einwendungen gegen die Ordnungsmäßigkeit des Jahresabschlusses geführt hat.

Grundlage für das Prüfungsurteil

Wir haben unsere Prüfung des Jahresabschlusses in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführt. Unsere Verantwortung nach diesen Vorschriften und Grundsätzen ist im Abschnitt „Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses“ unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von dem Unternehmen unabhängig in Übereinstimmung mit den deutschen handelsrechtlichen und berufsrechtlichen Vorschriften und haben unsere sonstigen deutschen Berufspflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zum Jahresabschluss zu dienen.

Verantwortung der gesetzlichen Vertreter für den Jahresabschluss

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses, der den deutschen, für Kapitalgesellschaften geltenden handelsrechtlichen Vorschriften in allen wesentlichen Belangen entspricht, und dafür, dass der Jahresabschluss unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie in

Übereinstimmung mit den deutschen Grundsätzen ordnungsmäßiger Buchführung als notwendig bestimmt haben, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen. Des Weiteren haben sie die Verantwortung, Sachverhalte in Zusammenhang mit der Fortführung der Unternehmenstätigkeit, sofern einschlägig, anzugeben. Darüber hinaus sind sie dafür verantwortlich, auf der Grundlage des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit zu bilanzieren, sofern dem nicht tatsächliche oder rechtliche Gegebenheiten entgegenstehen.

Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses

Unsere Zielsetzung ist, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist, sowie einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil zum Jahresabschluss beinhaltet.

Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführte Prüfung eine wesentliche falsche Darstellung stets aufdeckt. Falsche Darstellungen können aus Verstößen oder Unrichtigkeiten resultieren und werden als wesentlich angesehen, wenn vernünftigerweise erwartet werden könnte, dass sie einzeln oder insgesamt die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Adressaten beeinflussen.

Während der Prüfung üben wir pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung. Darüber hinaus

- identifizieren und beurteilen wir die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Jahresabschluss, planen und führen Prüfungshandlungen als Reaktion auf diese Risiken durch sowie erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass wesentliche falsche Darstellungen nicht aufgedeckt werden, ist bei Verstößen höher als bei Unrichtigkeiten, da Verstöße betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen bzw. das Außerkraftsetzen interner Kontrollen beinhalten können.
- gewinnen wir ein Verständnis von dem für die Prüfung des Jahresabschlusses relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit dieses Systems der Gesellschaft abzugeben.
- beurteilen wir die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte und damit zusammenhängenden Angaben.
- ziehen wir Schlussfolgerungen über die Angemessenheit des von den gesetzlichen Vertretern angewandten Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die be-

deutsame Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmens-
tätigkeit aufwerfen können. Falls wir zu dem Schluss kommen, dass eine wesentliche Un-
sicherheit besteht, sind wir verpflichtet, im Bestätigungsvermerk auf die dazugehörigen
Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unange-
messenen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerun-
gen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prü-
fungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch dazu führen,
dass die Gesellschaft ihre Unternehmenstätigkeit nicht mehr fortführen kann.

- beurteilen wir die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses
einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Ge-
schäftsvorfälle und Ereignisse so darstellt, dass der Jahresabschluss unter Beachtung
der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhält-
nissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft
vermittelt.

Wir erörtern mit den für die Überwachung Verantwortlichen unter anderem den geplanten
Umfang und die Zeitplanung der Prüfung sowie bedeutsame Prüfungsfeststellungen, ein-
schließlich etwaiger Mängel im internen Kontrollsystem, die wir während unserer Prüfung
feststellen.

Neuss, den 16. Mai 2023

KBHT Steuer- und Wirtschaftsberatung GmbH
Wirtschaftsprüfungsgesellschaft

gez. Thelen
Wirtschaftsprüfer

gez. Wolters
Wirtschaftsprüferin"

5.2 Schlussbemerkung

Den vorstehenden Bericht erstatten wir in Übereinstimmung mit den gesetzlichen Vorschriften und den deutschen Grundsätzen ordnungsmäßiger Berichterstattung bei Abschlussprüfungen.

Neuss, den 16. Mai 2023

KBHT Steuer- und Wirtschaftsberatung GmbH
Wirtschaftsprüfungsgesellschaft



Thelen
Wirtschaftsprüfer
digital signature



Wolters
Wirtschaftsprüferin
digital signature

Anlagen

Bilanz zum 31. Dezember 2022

AKTIVA

PASSIVA

	31.12.2022 Euro	31.12.2021 Euro		31.12.2022 Euro	31.12.2021 Euro
A. Anlagevermögen			A. Kapital		
Sachanlagen			1. Gezeichnetes Kapital	6.287.000,00	6.287.000,00
andere Anlagen, Betriebs- und Geschäftsausstattung			2. Kapitalrücklage	4.799.900,77	3.835.012,50
B. Umlaufvermögen			3. Verlustvortrag	-8.923.467,60	-7.354.292,58
I. Vorräte			4. Jahresfehlbetrag	-1.210.411,86	-1.569.175,02
Waren				<u>953.021,31</u>	<u>1.198.544,90</u>
II. Forderungen und sonstige Vermögensgegenstände			B. Rückstellungen		
1. Forderungen aus Lieferungen und Leistungen			sonstige Rückstellungen	407.307,11	289.499,18
2. sonstige Vermögensgegenstände			C. Verbindlichkeiten		
III. Guthaben bei Kreditinstituten			1. Verbindlichkeiten aus Lieferungen und Leistungen	93.077,32	105.045,87
			2. Verbindlichkeiten gegenüber verbundenen Unternehmen	2.361.897,56	1.664.750,26
			3. sonstige Verbindlichkeiten	<u>188.134,14</u>	<u>176.384,54</u>
				<u>2.643.109,02</u>	<u>1.946.180,67</u>
				<u>4.003.437,44</u>	<u>3.434.224,75</u>

**Gewinn- und Verlustrechnung für die Zeit
vom 1. Januar bis 31. Dezember 2022**

	2022 Euro	2021 Euro
1. Umsatzerlöse	5.786.357,06	4.703.025,76
2. sonstige betriebliche Erträge	0,00	33.271,99
3. Materialaufwand	3.987.459,12	3.622.628,27
4. Personalaufwand	804.871,71	747.929,93
5. Abschreibungen	139.296,19	179.263,95
6. sonstige betriebliche Aufwendungen	2.028.414,43	1.745.467,92
7. Zinsen und ähnliche Aufwendungen	36.727,47	3.937,23
8. Ergebnis nach Steuern	-1.210.411,86	-1.562.929,55
9. sonstige Steuern	0,00	6.245,47
10. Jahresfehlbetrag	<u>1.210.411,86</u>	<u>1.569.175,02</u>

Anhang für das Geschäftsjahr 2022

ALLGEMEINE ANGABEN ZUM JAHRESABSCHLUSS

Der Jahresabschluss der Piramal Critical Care Deutschland GmbH wurde auf der Grundlage der Rechnungslegungsvorschriften des Handelsgesetzbuches aufgestellt.

Ergänzend zu diesen Vorschriften waren die Regelungen des GmbH-Gesetzes zu beachten.

Für die Gewinn- und Verlustrechnung wurde das Gesamtkostenverfahren gewählt.

Nach den in § 267 HGB angegebenen Größenklassen ist die Gesellschaft eine kleine Kapitalgesellschaft.

Angaben zur Identifikation der Gesellschaft laut Registergericht

Firmenname laut Registergericht:	Piramal Critical Care Deutschland GmbH
Firmensitz laut Registergericht:	Hallbergmoos
Registereintrag:	Handelsregister
Registergericht:	München
Register-Nr.:	HRB 196823

ANGABEN ZU BILANZIERUNGS- UND BEWERTUNGSMETHODEN

Bilanzierungs- und Bewertungsgrundsätze

Das Sachanlagevermögen wurde zu Anschaffungs- bzw. Herstellungskosten angesetzt und, soweit abnutzbar, um planmäßige Abschreibungen vermindert.

Die planmäßigen Abschreibungen wurden nach der voraussichtlichen Nutzungsdauer der Vermögensgegenstände linear vorgenommen.

Die Vorräte wurden zu Anschaffungskosten angesetzt. Sofern sich aufgrund der niedrigeren Verkaufspreise Verluste ergeben, wurden die niedrigeren beizulegenden Werte angesetzt.

Forderungen und sonstige Vermögensgegenstände wurden unter Berücksichtigung aller erkennbaren Risiken mit den Anschaffungskosten bewertet.

Die sonstigen Rückstellungen wurden für alle weiteren ungewissen Verbindlichkeiten gebildet und mit dem Erfüllungsbetrag angesetzt. Dabei wurden alle erkennbaren Risiken berücksichtigt.

Verbindlichkeiten wurden zum Erfüllungsbetrag angesetzt.

Gegenüber dem Vorjahr abweichende Bilanzierungs- und Bewertungsmethoden

Ein grundlegender Wechsel von Bilanzierungs- und Bewertungsmethoden gegenüber dem Vorjahr fand nicht statt.

ANGABEN ZUR BILANZ

Forderungen

In den Sonstigen Vermögensgegenständen sind Forderungen mit einer Restlaufzeit größer einem Jahr von TEUR 9 (Vorjahr: TEUR 9) enthalten.

Verbindlichkeiten

Die Restlaufzeiten der Verbindlichkeiten gliedern sich wie folgt:

	bis 1 Jahr in TEUR	über 1 Jahr in TEUR
Verbindlichkeiten aus Lieferungen und Leistungen (Vorjahr)	93 (105)	0 0
Verbindlichkeiten gegenüber verbundenen Unternehmen (Vorjahr)	1.478 (781)	884 (884)
Sonstige Verbindlichkeiten (Vorjahr)	188 (176)	0 0
Summe (Vorjahr)	1.759 (1.062)	884 (884)

In den Verbindlichkeiten gegenüber verbundenen Unternehmen sind enthalten:

	In TEUR
Verbindlichkeiten aus Lieferungen und Leistungen (Vorjahr)	1.437 (777)
Sonstige Verbindlichkeiten (Vorjahr)	925 (888)
Verbindlichkeiten gegenüber Gesellschaftern (Vorjahr)	925 (888)

In den sonstigen Verbindlichkeiten sind Verbindlichkeiten aus Steuern in Höhe von TEUR 187 (Vorjahr TEUR 176) enthalten.

ANGABEN ZUR GEWINN- UND VERLUSTRECHNUNG

Im Personalaufwand sind Aufwendungen für Altersversorgung in Höhe von TEUR 21 (Vorjahr TEUR 14) enthalten.

SONSTIGE FINANZIELLE VERPFLICHTUNGEN

Die sonstigen finanziellen Verpflichtungen aus Miet- und Leasingverträgen sowie für Lagerverwaltungskosten belaufen sich auf TEUR 574 (Vorjahr TEUR 389) pro Jahr.

SONSTIGE ANGABEN

Durchschnittliche Zahl der während des Geschäftsjahres beschäftigten Arbeitnehmer

Die durchschnittliche Zahl der während des Geschäftsjahres im Unternehmen beschäftigten Arbeitnehmer betrug 8.

Konzernzugehörigkeit

Alleingesellschafterin der Piramal Critical Care Deutschland GmbH ist die Piramal Dutch Holdings N.V., Leiden (Niederlande). Alleingesellschafterin der Piramal Dutch Holdings NV ist die Piramal Pharma Ltd., Mumbai (Indien). Die Piramal Critical Care Deutschland GmbH wird in den Konzernabschluss der Piramal Pharma Ltd., Mumbai (Indien), (kleinster und größter Konsolidierungskreis), einbezogen.

UNTERSCHRIFT DER GESCHÄFTSFÜHRUNG

Hallbergmoos, den 16. Mai 2023

Geschäftsführung

Mahesh Sane

Andrew Morris

I. Gesellschaftsrechtliche Verhältnisse

Firma und Rechtsform:	Piramal Critical Care Deutschland GmbH, Gesellschaft mit beschränkter Haftung		
Sitz:	Hallbergmoos		
Gesellschaftsvertrag:	10. Januar 2012, zuletzt geändert am 27. August 2019		
Eintragung ins Handelsregister:	Amtsgericht München, HRB 196823		
Gegenstand des Unternehmens:	Vermarktung, Verkauf, Vertrieb und Handel mit Arzneimitteln der Piramal-Gruppe.		
Geschäftsjahr:	1. Januar bis 31. Dezember		
Gesellschafter und Kapitalverhältnisse:	Gesellschafterin:	Euro	%
	Piramal Dutch Holdings N.V., Amsterdam, Niederlande	6.287.000,00	100
Geschäftsführung und Vertretung:	Geschäftsführer waren im Berichtsjahr:		
	Mahesh Sane, einzelvertretungsberechtigt, Andrew Morris, vertretungsberechtigt gemeinsam mit einem an- deren Geschäftsführer oder Prokuristen.		
	Die Geschäftsführer sind von den Beschränkungen des § 181 BGB befreit.		

Gesellschafterver-
sammlung und
Vorjahresabschluss:

Die Gesellschafterversammlung vom 29. November 2022 hat den Jahresabschluss zum 31. Dezember 2021 festgestellt.

Der Geschäftsführung wurde Entlastung erteilt.

Steuerliche
Verhältnisse:

Die Steuerveranlagungen ab dem Jahr 2018 stehen unter dem Vorbehalt der Nachprüfung.

Allgemeine Auftragsbedingungen

für

Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften

vom 1. Januar 2017

1. Geltungsbereich

(1) Die Auftragsbedingungen gelten für Verträge zwischen Wirtschaftsprüfern oder Wirtschaftsprüfungsgesellschaften (im Nachstehenden zusammenfassend „Wirtschaftsprüfer“ genannt) und ihren Auftraggebern über Prüfungen, Steuerberatung, Beratungen in wirtschaftlichen Angelegenheiten und sonstige Aufträge, soweit nicht etwas anderes ausdrücklich schriftlich vereinbart oder gesetzlich zwingend vorgeschrieben ist.

(2) Dritte können nur dann Ansprüche aus dem Vertrag zwischen Wirtschaftsprüfer und Auftraggeber herleiten, wenn dies ausdrücklich vereinbart ist oder sich aus zwingenden gesetzlichen Regelungen ergibt. Im Hinblick auf solche Ansprüche gelten diese Auftragsbedingungen auch diesen Dritten gegenüber.

2. Umfang und Ausführung des Auftrags

(1) Gegenstand des Auftrags ist die vereinbarte Leistung, nicht ein bestimmter wirtschaftlicher Erfolg. Der Auftrag wird nach den Grundsätzen ordnungsmäßiger Berufsausübung ausgeführt. Der Wirtschaftsprüfer übernimmt im Zusammenhang mit seinen Leistungen keine Aufgaben der Geschäftsführung. Der Wirtschaftsprüfer ist für die Nutzung oder Umsetzung der Ergebnisse seiner Leistungen nicht verantwortlich. Der Wirtschaftsprüfer ist berechtigt, sich zur Durchführung des Auftrags sachverständiger Personen zu bedienen.

(2) Die Berücksichtigung ausländischen Rechts bedarf – außer bei betriebswirtschaftlichen Prüfungen – der ausdrücklichen schriftlichen Vereinbarung.

(3) Ändert sich die Sach- oder Rechtslage nach Abgabe der abschließenden beruflichen Äußerung, so ist der Wirtschaftsprüfer nicht verpflichtet, den Auftraggeber auf Änderungen oder sich daraus ergebende Folgerungen hinzuweisen.

3. Mitwirkungspflichten des Auftraggebers

(1) Der Auftraggeber hat dafür zu sorgen, dass dem Wirtschaftsprüfer alle für die Ausführung des Auftrags notwendigen Unterlagen und weiteren Informationen rechtzeitig übermittelt werden und ihm von allen Vorgängen und Umständen Kenntnis gegeben wird, die für die Ausführung des Auftrags von Bedeutung sein können. Dies gilt auch für die Unterlagen und weiteren Informationen, Vorgänge und Umstände, die erst während der Tätigkeit des Wirtschaftsprüfers bekannt werden. Der Auftraggeber wird dem Wirtschaftsprüfer geeignete Auskunftspersonen benennen.

(2) Auf Verlangen des Wirtschaftsprüfers hat der Auftraggeber die Vollständigkeit der vorgelegten Unterlagen und der weiteren Informationen sowie der gegebenen Auskünfte und Erklärungen in einer vom Wirtschaftsprüfer formulierten schriftlichen Erklärung zu bestätigen.

4. Sicherung der Unabhängigkeit

(1) Der Auftraggeber hat alles zu unterlassen, was die Unabhängigkeit der Mitarbeiter des Wirtschaftsprüfers gefährdet. Dies gilt für die Dauer des Auftragsverhältnisses insbesondere für Angebote auf Anstellung oder Übernahme von Organfunktionen und für Angebote, Aufträge auf eigene Rechnung zu übernehmen.

(2) Sollte die Durchführung des Auftrags die Unabhängigkeit des Wirtschaftsprüfers, die der mit ihm verbundenen Unternehmen, seiner Netzwerkunternehmen oder solcher mit ihm assoziierten Unternehmen, auf die die Unabhängigkeitsvorschriften in gleicher Weise Anwendung finden wie auf den Wirtschaftsprüfer, in anderen Auftragsverhältnissen beeinträchtigen, ist der Wirtschaftsprüfer zur außerordentlichen Kündigung des Auftrags berechtigt.

5. Berichterstattung und mündliche Auskünfte

Soweit der Wirtschaftsprüfer Ergebnisse im Rahmen der Bearbeitung des Auftrags schriftlich darzustellen hat, ist alleine diese schriftliche Darstellung maßgebend. Entwürfe schriftlicher Darstellungen sind unverbindlich. Sofern nicht anders vereinbart, sind mündliche Erklärungen und Auskünfte des Wirtschaftsprüfers nur dann verbindlich, wenn sie schriftlich bestätigt werden. Erklärungen und Auskünfte des Wirtschaftsprüfers außerhalb des erteilten Auftrags sind stets unverbindlich.

6. Weitergabe einer beruflichen Äußerung des Wirtschaftsprüfers

(1) Die Weitergabe beruflicher Äußerungen des Wirtschaftsprüfers (Arbeitsergebnisse oder Auszüge von Arbeitsergebnissen – sei es im Entwurf oder in der Endfassung) oder die Information über das Tätigwerden des Wirtschaftsprüfers für den Auftraggeber an einen Dritten bedarf der schriftlichen Zustimmung des Wirtschaftsprüfers, es sei denn, der Auftraggeber ist zur Weitergabe oder Information aufgrund eines Gesetzes oder einer behördlichen Anordnung verpflichtet.

(2) Die Verwendung beruflicher Äußerungen des Wirtschaftsprüfers und die Information über das Tätigwerden des Wirtschaftsprüfers für den Auftraggeber zu Werbezwecken durch den Auftraggeber sind unzulässig.

7. Mängelbeseitigung

(1) Bei etwaigen Mängeln hat der Auftraggeber Anspruch auf Nacherfüllung durch den Wirtschaftsprüfer. Nur bei Fehlschlagen, Unterlassen bzw. unbeachtlicher Verweigerung, Unzumutbarkeit oder Unmöglichkeit der Nacherfüllung kann er die Vergütung mindern oder vom Vertrag zurücktreten; ist der Auftrag nicht von einem Verbraucher erteilt worden, so kann der Auftraggeber wegen eines Mangels nur dann vom Vertrag zurücktreten, wenn die erbrachte Leistung wegen Fehlschlagens, Unterlassung, Unzumutbarkeit oder Unmöglichkeit der Nacherfüllung für ihn ohne Interesse ist. Soweit darüber hinaus Schadensersatzansprüche bestehen, gilt Nr. 9.

(2) Der Anspruch auf Beseitigung von Mängeln muss vom Auftraggeber unverzüglich in Textform geltend gemacht werden. Ansprüche nach Abs. 1, die nicht auf einer vorsätzlichen Handlung beruhen, verjähren nach Ablauf eines Jahres ab dem gesetzlichen Verjährungsbeginn.

(3) Offensbare Unrichtigkeiten, wie z.B. Schreibfehler, Rechenfehler und formelle Mängel, die in einer beruflichen Äußerung (Bericht, Gutachten und dgl.) des Wirtschaftsprüfers enthalten sind, können jederzeit vom Wirtschaftsprüfer auch Dritten gegenüber berichtigt werden. Unrichtigkeiten, die geeignet sind, in der beruflichen Äußerung des Wirtschaftsprüfers enthaltene Ergebnisse infrage zu stellen, berechtigen diesen, die Äußerung auch Dritten gegenüber zurückzunehmen. In den vorgenannten Fällen ist der Auftraggeber vom Wirtschaftsprüfer tunlichst vorher zu hören.

8. Schweigepflicht gegenüber Dritten. Datenschutz

(1) Der Wirtschaftsprüfer ist nach Maßgabe der Gesetze (§ 323 Abs. 1 HGB, § 43 WPO, § 203 StGB) verpflichtet, über Tatsachen und Umstände, die ihm bei seiner Berufstätigkeit anvertraut oder bekannt werden, Stillschweigen zu bewahren, es sei denn, dass der Auftraggeber ihn von dieser Schweigepflicht entbindet.

(2) Der Wirtschaftsprüfer wird bei der Verarbeitung von personenbezogenen Daten die nationalen und europarechtlichen Regelungen zum Datenschutz beachten.

9. Haftung

(1) Für gesetzlich vorgeschriebene Leistungen des Wirtschaftsprüfers, insbesondere Prüfungen, gelten die jeweils anzuwendenden gesetzlichen Haftungsbeschränkungen, insbesondere die Haftungsbeschränkung des § 323 Abs. 2 HGB.

(2) Sofern weder eine gesetzliche Haftungsbeschränkung Anwendung findet noch eine einzelvertragliche Haftungsbeschränkung besteht, ist die Haftung des Wirtschaftsprüfers für Schadensersatzansprüche jeder Art, mit Ausnahme von Schäden aus der Verletzung von Leben, Körper und Gesundheit, sowie von Schäden, die eine Ersatzpflicht des Herstellers nach § 1 ProdHaftG begründen, bei einem fahrlässig verursachten einzelnen Schadensfall gemäß § 54a Abs. 1 Nr. 2 WPO auf 4 Mio. € beschränkt.

(3) Einreden und Einwendungen aus dem Vertragsverhältnis mit dem Auftraggeber stehen dem Wirtschaftsprüfer auch gegenüber Dritten zu.

(4) Leiten mehrere Anspruchssteller aus dem mit dem Wirtschaftsprüfer bestehenden Vertragsverhältnis Ansprüche aus einer fahrlässigen Pflichtverletzung des Wirtschaftsprüfers her, gilt der in Abs. 2 genannte Höchstbetrag für die betreffenden Ansprüche aller Anspruchssteller insgesamt.

(5) Ein einzelner Schadensfall im Sinne von Abs. 2 ist auch bezüglich eines aus mehreren Pflichtverletzungen stammenden einheitlichen Schadens gegeben. Der einzelne Schadensfall umfasst sämtliche Folgen einer Pflichtverletzung ohne Rücksicht darauf, ob Schäden in einem oder in mehreren aufeinanderfolgenden Jahren entstanden sind. Dabei gilt mehrfaches auf gleicher oder gleichartiger Fehlerquelle beruhendes Tun oder Unterlassen als einheitliche Pflichtverletzung, wenn die betreffenden Angelegenheiten miteinander in rechtlichem oder wirtschaftlichem Zusammenhang stehen. In diesem Fall kann der Wirtschaftsprüfer nur bis zur Höhe von 5 Mio. € in Anspruch genommen werden. Die Begrenzung auf das Fünffache der Mindestversicherungssumme gilt nicht bei gesetzlich vorgeschriebenen Pflichtprüfungen.

(6) Ein Schadensersatzanspruch erlischt, wenn nicht innerhalb von sechs Monaten nach der schriftlichen Ablehnung der Ersatzleistung Klage erhoben wird und der Auftraggeber auf diese Folge hingewiesen wurde. Dies gilt nicht für Schadensersatzansprüche, die auf vorsätzliches Verhalten zurückzuführen sind, sowie bei einer schuldhaften Verletzung von Leben, Körper oder Gesundheit sowie bei Schäden, die eine Ersatzpflicht des Herstellers nach § 1 ProdHaftG begründen. Das Recht, die Einrede der Verjährung geltend zu machen, bleibt unberührt.

10. Ergänzende Bestimmungen für Prüfungsaufträge

(1) Ändert der Auftraggeber nachträglich den durch den Wirtschaftsprüfer geprüften und mit einem Bestätigungsvermerk versehenen Abschluss oder Lagebericht, darf er diesen Bestätigungsvermerk nicht weiterverwenden.

Hat der Wirtschaftsprüfer einen Bestätigungsvermerk nicht erteilt, so ist ein Hinweis auf die durch den Wirtschaftsprüfer durchgeführte Prüfung im Lagebericht oder an anderer für die Öffentlichkeit bestimmter Stelle nur mit schriftlicher Einwilligung des Wirtschaftsprüfers und mit dem von ihm genehmigten Wortlaut zulässig.

(2) Widerruft der Wirtschaftsprüfer den Bestätigungsvermerk, so darf der Bestätigungsvermerk nicht weiterverwendet werden. Hat der Auftraggeber den Bestätigungsvermerk bereits verwendet, so hat er auf Verlangen des Wirtschaftsprüfers den Widerruf bekanntzugeben.

(3) Der Auftraggeber hat Anspruch auf fünf Berichtsausfertigungen. Weitere Ausfertigungen werden besonders in Rechnung gestellt.

11. Ergänzende Bestimmungen für Hilfeleistung in Steuersachen

(1) Der Wirtschaftsprüfer ist berechtigt, sowohl bei der Beratung in steuerlichen Einzelfragen als auch im Falle der Dauerberatung die vom Auftraggeber genannten Tatsachen, insbesondere Zahlenangaben, als richtig und vollständig zugrunde zu legen; dies gilt auch für Buchführungsaufträge. Er hat jedoch den Auftraggeber auf von ihm festgestellte Unrichtigkeiten hinzuweisen.

(2) Der Steuerberatungsauftrag umfasst nicht die zur Wahrung von Fristen erforderlichen Handlungen, es sei denn, dass der Wirtschaftsprüfer hierzu ausdrücklich den Auftrag übernommen hat. In diesem Fall hat der Auftraggeber dem Wirtschaftsprüfer alle für die Wahrung von Fristen wesentlichen Unterlagen, insbesondere Steuerbescheide, so rechtzeitig vorzulegen, dass dem Wirtschaftsprüfer eine angemessene Bearbeitungszeit zur Verfügung steht.

(3) Mangels einer anderweitigen schriftlichen Vereinbarung umfasst die laufende Steuerberatung folgende, in die Vertragsdauer fallenden Tätigkeiten:

- Ausarbeitung der Jahressteuererklärungen für die Einkommensteuer, Körperschaftsteuer und Gewerbesteuer sowie der Vermögensteuererklärungen, und zwar auf Grund der vom Auftraggeber vorzulegenden Jahresabschlüsse und sonstiger für die Besteuerung erforderlicher Aufstellungen und Nachweise
- Nachprüfung von Steuerbescheiden zu den unter a) genannten Steuern
- Verhandlungen mit den Finanzbehörden im Zusammenhang mit den unter a) und b) genannten Erklärungen und Bescheiden
- Mitwirkung bei Betriebsprüfungen und Auswertung der Ergebnisse von Betriebsprüfungen hinsichtlich der unter a) genannten Steuern
- Mitwirkung in Einspruchs- und Beschwerdeverfahren hinsichtlich der unter a) genannten Steuern.

Der Wirtschaftsprüfer berücksichtigt bei den vorgenannten Aufgaben die wesentliche veröffentlichte Rechtsprechung und Verwaltungsauffassung.

(4) Erhält der Wirtschaftsprüfer für die laufende Steuerberatung ein Pauschalhonorar, so sind mangels anderweitiger schriftlicher Vereinbarungen die unter Abs. 3 Buchst. d) und e) genannten Tätigkeiten gesondert zu honorieren.

(5) Sofern der Wirtschaftsprüfer auch Steuerberater ist und die Steuerberatervergütungsverordnung für die Bemessung der Vergütung anzuwenden ist, kann eine höhere oder niedrigere als die gesetzliche Vergütung in Textform vereinbart werden.

(6) Die Bearbeitung besonderer Einzelfragen der Einkommensteuer, Körperschaftsteuer, Gewerbesteuer, Einheitsbewertung und Vermögensteuer sowie aller Fragen der Umsatzsteuer, Lohnsteuer, sonstigen Steuern und Abgaben erfolgt auf Grund eines besonderen Auftrags. Dies gilt auch für

- die Bearbeitung einmalig anfallender Steuerangelegenheiten, z.B. auf dem Gebiet der Erbschaftsteuer, Kapitalverkehrsteuer, Grunderwerbsteuer,
- die Mitwirkung und Vertretung in Verfahren vor den Gerichten der Finanz- und der Verwaltungsgerichtsbarkeit sowie in Steuerstrafsachen,
- die beratende und gutachtliche Tätigkeit im Zusammenhang mit Umwandlungen, Kapitalerhöhung und -herabsetzung, Sanierung, Eintritt und Ausscheiden eines Gesellschafters, Betriebsveräußerung, Liquidation und dergleichen und
- die Unterstützung bei der Erfüllung von Anzeige- und Dokumentationspflichten.

(7) Soweit auch die Ausarbeitung der Umsatzsteuerjahreserklärung als zusätzliche Tätigkeit übernommen wird, gehört dazu nicht die Überprüfung etwaiger besonderer buchmäßiger Voraussetzungen sowie die Frage, ob alle in Betracht kommenden umsatzsteuerrechtlichen Vergünstigungen wahrgenommen worden sind. Eine Gewähr für die vollständige Erfassung der Unterlagen zur Geltendmachung des Vorsteuerabzugs wird nicht übernommen.

12. Elektronische Kommunikation

Die Kommunikation zwischen dem Wirtschaftsprüfer und dem Auftraggeber kann auch per E-Mail erfolgen. Soweit der Auftraggeber eine Kommunikation per E-Mail nicht wünscht oder besondere Sicherheitsanforderungen stellt, wie etwa die Verschlüsselung von E-Mails, wird der Auftraggeber den Wirtschaftsprüfer entsprechend in Textform informieren.

13. Vergütung

(1) Der Wirtschaftsprüfer hat neben seiner Gebühren- oder Honorarforderung Anspruch auf Erstattung seiner Auslagen; die Umsatzsteuer wird zusätzlich berechnet. Er kann angemessene Vorschüsse auf Vergütung und Auslagenersatz verlangen und die Auslieferung seiner Leistung von der vollen Befriedigung seiner Ansprüche abhängig machen. Mehrere Auftraggeber haften als Gesamtschuldner.

(2) Ist der Auftraggeber kein Verbraucher, so ist eine Aufrechnung gegen Forderungen des Wirtschaftsprüfers auf Vergütung und Auslagenersatz nur mit unbestrittenen oder rechtskräftig festgestellten Forderungen zulässig.

14. StreitSchlichtungen

Der Wirtschaftsprüfer ist nicht bereit, an Streitbeilegungsverfahren vor einer Verbraucherschlichtungsstelle im Sinne des § 2 des Verbraucherstreitbeilegungsgesetzes teilzunehmen.

15. Anzuwendendes Recht

Für den Auftrag, seine Durchführung und die sich hieraus ergebenden Ansprüche gilt nur deutsches Recht.

Bilanz zum 31. Dezember 2022

AKTIVA

PASSIVA

	31.12.2022 Euro	31.12.2021 Euro		31.12.2022 Euro	31.12.2021 Euro
A. Anlagevermögen			A. Kapital		
Sachanlagen			1. Gezeichnetes Kapital	6.287.000,00	6.287.000,00
andere Anlagen, Betriebs- und Geschäftsausstattung			2. Kapitalrücklage	4.799.900,77	3.835.012,50
B. Umlaufvermögen			3. Verlustvortrag	-8.923.467,60	-7.354.292,58
I. Vorräte			4. Jahresfehlbetrag	-1.210.411,86	-1.569.175,02
Waren				<u>953.021,31</u>	<u>1.198.544,90</u>
II. Forderungen und sonstige Vermögensgegenstände			B. Rückstellungen		
1. Forderungen aus Lieferungen und Leistungen			sonstige Rückstellungen	407.307,11	289.499,18
2. sonstige Vermögensgegenstände			C. Verbindlichkeiten		
III. Guthaben bei Kreditinstituten			1. Verbindlichkeiten aus Lieferungen und Leistungen	93.077,32	105.045,87
			2. Verbindlichkeiten gegenüber verbundenen Unternehmen	2.361.897,56	1.664.750,26
			3. sonstige Verbindlichkeiten	<u>188.134,14</u>	<u>176.384,54</u>
				<u>2.643.109,02</u>	<u>1.946.180,67</u>
				<u>4.003.437,44</u>	<u>3.434.224,75</u>

**Gewinn- und Verlustrechnung für die Zeit
vom 1. Januar bis 31. Dezember 2022**

	2022 Euro	2021 Euro
1. Umsatzerlöse	5.786.357,06	4.703.025,76
2. sonstige betriebliche Erträge	0,00	33.271,99
3. Materialaufwand	3.987.459,12	3.622.628,27
4. Personalaufwand	804.871,71	747.929,93
5. Abschreibungen	139.296,19	179.263,95
6. sonstige betriebliche Aufwendungen	2.028.414,43	1.745.467,92
7. Zinsen und ähnliche Aufwendungen	36.727,47	3.937,23
8. Ergebnis nach Steuern	-1.210.411,86	-1.562.929,55
9. sonstige Steuern	0,00	6.245,47
10. Jahresfehlbetrag	<u>1.210.411,86</u>	<u>1.569.175,02</u>

Anhang für das Geschäftsjahr 2022

ALLGEMEINE ANGABEN ZUM JAHRESABSCHLUSS

Der Jahresabschluss der Piramal Critical Care Deutschland GmbH wurde auf der Grundlage der Rechnungslegungsvorschriften des Handelsgesetzbuches aufgestellt.

Ergänzend zu diesen Vorschriften waren die Regelungen des GmbH-Gesetzes zu beachten.

Für die Gewinn- und Verlustrechnung wurde das Gesamtkostenverfahren gewählt.

Nach den in § 267 HGB angegebenen Größenklassen ist die Gesellschaft eine kleine Kapitalgesellschaft.

Angaben zur Identifikation der Gesellschaft laut Registergericht

Firmenname laut Registergericht:	Piramal Critical Care Deutschland GmbH
Firmensitz laut Registergericht:	Hallbergmoos
Registereintrag:	Handelsregister
Registergericht:	München
Register-Nr.:	HRB 196823

ANGABEN ZU BILANZIERUNGS- UND BEWERTUNGSMETHODEN

Bilanzierungs- und Bewertungsgrundsätze

Das Sachanlagevermögen wurde zu Anschaffungs- bzw. Herstellungskosten angesetzt und, soweit abnutzbar, um planmäßige Abschreibungen vermindert.

Die planmäßigen Abschreibungen wurden nach der voraussichtlichen Nutzungsdauer der Vermögensgegenstände linear vorgenommen.

Die Vorräte wurden zu Anschaffungskosten angesetzt. Sofern sich aufgrund der niedrigeren Verkaufspreise Verluste ergeben, wurden die niedrigeren beizulegenden Werte angesetzt.

Forderungen und sonstige Vermögensgegenstände wurden unter Berücksichtigung aller erkennbaren Risiken mit den Anschaffungskosten bewertet.

Die sonstigen Rückstellungen wurden für alle weiteren ungewissen Verbindlichkeiten gebildet und mit dem Erfüllungsbetrag angesetzt. Dabei wurden alle erkennbaren Risiken berücksichtigt.

Verbindlichkeiten wurden zum Erfüllungsbetrag angesetzt.

Gegenüber dem Vorjahr abweichende Bilanzierungs- und Bewertungsmethoden

Ein grundlegender Wechsel von Bilanzierungs- und Bewertungsmethoden gegenüber dem Vorjahr fand nicht statt.

ANGABEN ZUR BILANZ

Forderungen

In den Sonstigen Vermögensgegenständen sind Forderungen mit einer Restlaufzeit größer einem Jahr von TEUR 9 (Vorjahr: TEUR 9) enthalten.

Verbindlichkeiten

Die Restlaufzeiten der Verbindlichkeiten gliedern sich wie folgt:

	bis 1 Jahr in TEUR	über 1 Jahr in TEUR
Verbindlichkeiten aus Lieferungen und Leistungen (Vorjahr)	93 (105)	0 0
Verbindlichkeiten gegenüber verbundenen Unternehmen (Vorjahr)	1.478 (781)	884 (884)
Sonstige Verbindlichkeiten (Vorjahr)	188 (176)	0 0
Summe (Vorjahr)	1.759 (1.062)	884 (884)

In den Verbindlichkeiten gegenüber verbundenen Unternehmen sind enthalten:

	In TEUR
Verbindlichkeiten aus Lieferungen und Leistungen (Vorjahr)	1.437 (777)
Sonstige Verbindlichkeiten (Vorjahr)	925 (888)
Verbindlichkeiten gegenüber Gesellschaftern (Vorjahr)	925 (888)

In den sonstigen Verbindlichkeiten sind Verbindlichkeiten aus Steuern in Höhe von TEUR 187 (Vorjahr TEUR 176) enthalten.

ANGABEN ZUR GEWINN- UND VERLUSTRECHNUNG

Im Personalaufwand sind Aufwendungen für Altersversorgung in Höhe von TEUR 21 (Vorjahr TEUR 14) enthalten.

SONSTIGE FINANZIELLE VERPFLICHTUNGEN

Die sonstigen finanziellen Verpflichtungen aus Miet- und Leasingverträgen sowie für Lagerverwaltungskosten belaufen sich auf TEUR 574 (Vorjahr TEUR 389) pro Jahr.

SONSTIGE ANGABEN

Durchschnittliche Zahl der während des Geschäftsjahres beschäftigten Arbeitnehmer

Die durchschnittliche Zahl der während des Geschäftsjahres im Unternehmen beschäftigten Arbeitnehmer betrug 8.

Konzernzugehörigkeit

Alleingesellschafterin der Piramal Critical Care Deutschland GmbH ist die Piramal Dutch Holdings N.V., Leiden (Niederlande). Alleingesellschafterin der Piramal Dutch Holdings NV ist die Piramal Pharma Ltd., Mumbai (Indien). Die Piramal Critical Care Deutschland GmbH wird in den Konzernabschluss der Piramal Pharma Ltd., Mumbai (Indien), (kleinster und größter Konsolidierungskreis), einbezogen.

UNTERSCHRIFT DER GESCHÄFTSFÜHRUNG

Hallbergmoos, den 16. Mai 2023

Geschäftsführung

DocuSigned by:
Mahesh Sane
13AB32B31553421...

Mahesh Sane

DocuSigned by:
Andrew Morris
0EE6E518EC16408...

Andrew Morris

**Piramal Critical Care Deutschland GmbH
Hallbergmoos**

Annual financial statements as at 31 December 2022

- Translation -

(Our professional liability only refers to the original German opinion version)

KBHT Steuer- und Wirtschaftsberatung GmbH
Wirtschaftsprüfungsgesellschaft

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Appendices

Balance sheet as at 31 December 2022	I
Profit and loss statement for the period 1 January 2022 to 31 December 2022	II
Notes for the year 2022	III
Statutory auditors opinion	IV

Balance Sheet as at 31 December 2022

ASSETS

LIABILITIES

	31.12.2022 Euro	31.12.2021 Euro		31.12.2022 Euro	31.12.2021 Euro
A. Fixed assets			A. Capital stock		
Tangible assets			I. Subscribed capital	6.287.000,00	6.287.000,00
Other equipment, factory and office	307.132,73	446.428,92	II. Capital reserve	4.799.900,77	3.835.012,50
B. Current assets			III. Accumulated Deficit brought forward	-8.923.467,60	-7.354.292,58
I. Inventories			IV. Loss for the year	-1.210.411,86	-1.569.175,02
Goods for resale	2.018.295,06	2.260.653,84	B. Accrued liabilities		
II. Accounts receivable and other assets			Other accrued liabilities	407.307,11	289.499,18
1. Accounts receivable (trade debtors)	1.235.436,56	323.299,98	C. Liabilities		
2. Other assets	18.777,60	42.292,64	1. Trade payables	93.077,32	105.045,87
	1.254.214,16	365.592,62	2. Accounts due to affiliated companies	2.361.897,56	1.664.750,26
III. Cash, due from banks	423.795,49	361.549,37	3. Other liabilities	188.134,14	176.384,54
				2.643.109,02	1.946.180,67
	4.003.437,44	3.434.224,75		4.003.437,44	3.434.224,75

**Profit and loss statement
from 1 January 2022 to 31 December 2022**

	2022 Euro	2021 Euro
1. Sales revenues	5.786.357,06	4.703.025,76
2. Other operating income	0,00	33.271,99
3. Cost of materials	3.987.459,12	3.622.628,27
4. Personnel expenses	804.871,71	747.929,93
5. Depreciation	139.296,19	179.263,95
6. Other operating expense	2.028.414,43	1.745.467,92
7. Interest and similar expenses	<u>36.727,47</u>	<u>3.937,23</u>
8. Profit after taxes	-1.210.411,86	-1.562.929,55
9. Other taxes	<u>0,00</u>	<u>6.245,47</u>
10. Net loss	<u><u>1.210.411,86</u></u>	<u><u>1.569.175,02</u></u>

Notes for the fiscal year 2022

GENERAL INFORMATION ON THE FINANCIAL STATEMENTS

The annual financial statements of Piramal Critical Care Deutschland GmbH were prepared on the basis of the accounting regulations of the German Commercial Code.

In addition to these regulations, the provisions of the German Limited Liability Companies Act (GmbH-Gesetz) had to be observed.

The nature of expense method was chosen for the income statement.

According to the size categories specified in Section 267 of the German Commercial Code, the Company is a small corporation.

Company identification information according to the registry court

Company name according to register court:	Piramal Critical Care Deutschland GmbH
Registered office according to register court:	Hallbergmoos
Register entry:	Commercial Register
Register court:	Munich
Register no.:	HRB 196823

NOTES ON ACCOUNTING AND VALUATION METHODS

Accounting and valuation principles

Acquired intangible assets were carried at cost and, where subject to wear and tear, reduced by scheduled depreciation.

Property, plant and equipment have been stated at acquisition or production cost and, where subject to wear and tear, reduced by scheduled depreciation.

Scheduled depreciation has been charged on a straight-line basis over the expected useful lives of the assets.

Inventories are stated at cost. Where losses are incurred as a result of lower selling prices, the lower fair values have been applied.

Receivables and other assets were valued at acquisition cost, taking into account all identifiable risks.

Other accruals were recognized for all other uncertain liabilities and stated at the settlement amount. All identifiable risks were taken into account.

Liabilities were valued at their amounts repayable.

Accounting and valuation methods differing from those of the previous year

There was no fundamental change in accounting and valuation methods compared with the previous year.

DISCLOSURES TO THE BALANCE SHEET

Receivables

The amount of receivables with a remaining term of more than one year is EUR 9k (previous year: EUR 9k).

Liabilities

The remaining terms of the liabilities break down as follows:

	to 1 year in TEUR	above 1 year in TEUR
Trade payables (Prior year)	93 (105)	0 0
Accounts due to affiliated companies (Prior year)	1.478 (781)	884 (884)
Other liabilities (Prior year)	188 (176)	0 0
Sum (Prior year)	1.759 (1.062)	884 (884)

In the liabilities due to affiliated companies are included:

	In TEUR
Trade payables (Prior year)	1.437 (777)
Other liabilities (Prior year)	925 (888)
Trade payables due to shareholders (Prior year)	925 (888)

Other liabilities include tax liabilities in the amount of EUR 187k (previous year: EUR 176k).

DISCLOSURES TO THE INCOME STATEMENT

Personnel expenses include expenses for pensions in the amount of EUR 21k (prior year: EUR 14k).

OTHER FINANCIAL OBLIGATIONS

The other financial obligations arising from rental and lease agreements and for inventory management costs amount to EUR 574k (prior year: EUR 389k) per year.

OTHER DISCLOSURES

Average number of employees during the financial year

The average number of staff employed by the company during the financial year was 8.

Group affiliation

The single shareholder of Piramal Critical Care Germany is Piramal Dutch Holdings N.V., Leiden (Netherlands). The single shareholder of Piramal Dutch Holdings NV is Piramal Pharma Ltd, Mumbai (India). Piramal Critical Care Deutschland GmbH is included in the consolidated financial statements of Piramal Pharma Ltd, Mumbai (India) (smallest and largest consolidated group).

SIGNATURE OF THE MANAGEMENT

Hallbergmoos, 16 May 2023

Management

Mahesh Sane

Andrew Morris

AUDIT OPINION OF THE INDEPENDENT AUDITOR

To Piramal Critical Care Deutschland GmbH, Hallbergmoos

Audit opinion

We have audited the annual financial statements of Piramal Critical Care Deutschland GmbH, Hallbergmoos, consisting of the balance sheet as at 31 December 2022 and the profit and loss statement for the financial year from 1 January 2022 to 31 December 2022 and the notes, including the presentation of the accounting and valuation methods.

In our opinion, based on the findings of the audit the accompanying annual financial statements comply in all material aspects with the German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the company as at 31 December 2022 and its results of operations in accordance with German generally accepted accounting principles for the financial year from 1 January 2022 to 31 December 2022 and

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the annual financial statements.

Basis of judgments

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of annual financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under these rules and policies are further described in the section entitled "Auditor's Responsibility for the Audit of the annual Financial Statement" of our opinion. We are independent of the company in accordance with the German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the financial statements.

Responsibility of the legal representatives for the annual financial statements

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law applicable to corporations in all material respects, and that the annual financial statements give a true and fair view of the assets and liabilities, financial and earnings position of the company in accordance with German generally accepted accounting principles. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with German generally accepted accounting principles in order to enable the preparation of annual financial statements that are free from material - intended or unintended - wrong representations.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. In addition, they have the responsibility to state matters related to the continuation of the business, if applicable. In addition, they are responsible for accounting for continuing operations on the basis of the accounting principle, unless contrary to fact or law.

Responsibility of the auditor for the audit of the annual financial statement

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, whether intentional or unintentional, as well as to give an audit opinion that includes our audit opinions on the annual financial statement.

Reasonable assurance is a high degree of assurance, but no guarantee that an audit conducted in accordance with § 317 HGB and in compliance with the German generally accepted standards for the audit of annual financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) always reveals a material misstatement. Misrepresentations may result from any breach or inaccuracy and are considered material if it could reasonably be expected to influence, individually or collectively, the economic decisions of addressees made on the basis of these annual financial statements.

During the audit, we exercise due discretion and maintain a critical attitude. Furthermore we

- identify and assess the risks of material misstatement - whether intentional or unintentional - in the annual financial statements, plan and perform audit work in response to such risks, and obtain audit evidence that is adequate and appropriate to form the basis for our audit opinions. The risk that material misrepresentations will not be detected is higher for violations than for inaccuracies, as violations may include fraudulent interaction, counterfeiting, intentional incompleteness, misrepresentations or overriding internal controls.
- gain an understanding of the internal control system relevant to the audit of the annual financial statements and the arrangements and measures relevant to the audit of the annual financial statements in order to plan audit procedures that are appropriate in the circumstances, but not with the aim of to express an opinion on the effectiveness of these systems of the Company.
- assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimates and related disclosures made by the legal representatives.
- draw conclusions about the appropriateness of the accounting policy of going concern used by the legal representatives and, on the basis of the audit evidence obtained, whether there is material uncertainty in relation to events or circumstances that have significant doubts as to the ability of the company to act as going concern. If we conclude that there is material uncertainty, we are required to draw attention to the accompanying disclosures in the annual financial statements or, if inaccurate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may mean that the company can no longer continue its business activities.
- assess the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements present the underlying transactions and events in such a manner that the financial statements in accordance with German GAAP accurately reflect the assets, financial and earnings situation of the company

Among other things, we discuss with the supervisors the planned scope and timing of the audit, as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Neuss, 16 May 2023

KBHT Steuer- und Wirtschaftsberatung GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Thelen
Wirtschaftsprüfer

sgd. Wolters
Wirtschaftsprüferin

**Piramal Critical Care Deutschland GmbH
Hallbergmoos**

**Translation of
the report on the audit of
the annual financial statements as at 31 December 2022**

(Our professional liability only refers to the original German opinion version)

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1. Engagement

The Managing Directors of Piramal Critical Care Deutschland GmbH, (hereinafter referred to as the "Company"), opted for us as their auditors for the 31st December 2022 financial year and commissioned us with the audit of the annual accounts submitted as at 31 December 2022 (Appendices I to III) including the accounting for the 2022 financial year pursuant to section 316 ff of the German Commercial Code.

In compliance with Section 321 para. 4a of the German Commercial Code, we hereby confirm compliance with the applicable regulations on independence in our year-end audit.

The General Terms and Conditions for Auditors and Auditing Firms as amended on 1 January 2017, attached as the last Appendix, are decisive for the performance of our assignment and for our responsibility – also in relation to third parties. Where the statutory provisions applicable to our assignment do not stipulate a maximum amount of liability, this amount shall be determined by no. 9 of the General Terms and Conditions. In relation to third parties, no. 1 section 2 and no. 9 of the General Terms and Conditions shall be decisive.

The accounting and the preparation of the annual accounts pursuant to the German commercial accounting standards and any supplementary regulations in the Shareholders' Agreement or the statutes are the responsibility of the legal representatives of the Company.

Within the scope of our audit, we formed an opinion of the effectiveness of the system of internal controls relating to the accounting and the annual financial statements mainly on the basis of samples. The audit also included an evaluation of the applied accounting principles and the major appraisals of the legal representatives as well as an assessment of the comprehensive statement of the annual accounts.

Our assignment included an examination of compliance with other statutory provisions only in so far as these provisions normally have repercussions on the annual accounts. Our audit did not include the disclosure and clarification of criminal offences, such as embezzlement or misappropriation, or an ascertainment of non-criminal offences not related to accounting.

Our audit was performed - with interruptions - in our premises from the month of February to May 2023, and completed on 16 May 2023.

This report is addressed to the company.

2. General statements

2.1 Situation of the company

2.1.1 Opinion of the appraisal by the legal representatives

Section 321 para. 1 clause 2 of the German Commercial Code requires that we as the auditors firstly comment in our audit report on the appraisal of the current situation of the Company as made by its legal representatives. In particular, we must consider their assessment of the continuation and future development of the Company, taking into account the Management Report.

Since a management report was permissibly not prepared, we, as auditors, cannot explicitly comment on the assessment of the company's situation by the legal representatives, as otherwise expressed in the management report, in accordance with section 321 para. 1 clause 2 of the German Commercial Code. In this case, it is not our task as auditors to make the statements in place of the legal representatives.

3. Object, nature and scope of the audit

Subject of our audit were the accounting and the annual financial statements as at 31 December 2022. We have audited these to determine whether the German statutory accounting requirements have been observed.

We performed our audit of the annual accounts pursuant to section 317 of the German Commercial Code (HGB) with due regard to the German Generally Accepted Auditing Standards (GAAS) of the Institut der Wirtschaftsprüfer (*IDW* – Institute of German Certified Public Accountants). According to the GAAS, an audit must be planned and performed such that any inaccuracies and violations substantially affecting the presentation of the true and fair view of the company's assets, liabilities, financial position, and profit and loss given by the annual financial statement are detected with reasonable certainty. In our determination of the auditing procedures, we have taken into account any knowledge of the business activities and the economic and legal environment of the Company as well as any anticipated errors. Our report was drawn up following the IDW PS 450 "Generally Accepted Reporting Standards for Audits" of the Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf.

The accounting and the preparation of the annual financial statements according to the German commercial accounting standards are the responsibility of the Management of the Company. It was our task to form an opinion of the annual financial statement on the basis of the audit performed by us.

Starting point of our audit was the previous year's annual financial statements audited by us; the annual financial statements was approved by the shareholders on 29 November 2022.

Our annual statutory audit is based on the following audit strategy:

Within the scope of our risk-oriented audit strategy, our auditing activities were determined, inter alia, according to the results of an examination of the accounting-specific internal controlling system. Especially for business transactions which, according to their type, are recorded and processed in larger numbers following identical methods, the focus of attention is on an audit of controls of the processing method.

On the basis of our risk assessment, we did not only determine the relevant audit fields and criteria (auditing objectives) as well as key audit areas, but also developed auditing programmes. Type and scope of the particular auditing activities were specified in the auditing programmes.

As key audit areas, we specified the audit of the opening balance, proof and valuation of inventories as well as proof and completeness and valuation of provisions.

In the case of individual case audits, we drew samples on the basis of deliberate selection or mathematical-statistical selection procedures.

In order to verify the evidence of assets and liabilities, we have, among other things, participated observationally in the physical inventory of inventories.

The assessment of the appropriateness of the insurance protection, especially whether all risks have been considered and adequately insured was not subject of our audit.

Furthermore, it was not the subject of our audit whether the continued existence of the audited company or the effectiveness and efficiency of the management can be assured.

We have obtained confirmations from third parties in such a way that we have obtained confirmations and notifications from the banks regarding all balances and business positions at the end of the financial year and regarding significant transactions during the financial year.

The legal representatives provided all explanations and proofs pursuant to § 320 HGB (German Commercial Code) which we required as statutory auditors according to duty-bound discretion for the proper execution of our audit. Moreover, the legal representatives provided us with the letter of representation dated 16 May 2023 and confirmed that the annual financial statements audited by us is complete and all transactions subject to accounting have completely been posted.

4. Statements and comments on accounting methods

4.1 Accounting and other audited documents

The accounting complies with the statutory regulations including the principles of proper accounting.

The information derived from the other audited documents led to an adequate and proper accounting and annual financial statement.

In regard to the organisational arrangements fundamentally impacting the adequacy of accounting, any business transactions relating to financial and fixed-asset accounting were recorded in EDP programs on the Company's own EDP systems while the salary accounting was handled externally by an EDP service provider.

In our assessment, the records of the business transactions of the Company are complete, continuous, and up to date. The chart of accounts allows a coherent and clear classification of the accounting information, with a level of detail adequate for the interests of the Company. The posting documents inspected within the scope of our audit contained all the details required for proper documentation. The posting documents were filed numerically so that the documents were directly obtainable from the details in the accounts. The system of internal audits in the accounting sector was developed such as to be appropriate for the size of the Company and complies with the generally accepted principles. Consequently, the accounting for the entire financial year meets the statutory requirements.

4.2 Annual financial statements

4.2.1 Adequacy of the annual financial statements

According to § 321 para. 2 sentence 1 HGB (German Commercial Code), we state that the annual financial statements audited by us are in compliance with the statutory regulations for corporations.

As auditors, we find that any applicable statutory regulations including the principles of proper accounting, any regulations applicable due to size, legal form or the respective sector of the economy have been observed in the annual accounts.

The balance sheet and the profit and loss statement were properly derived from the accounting and the other audited documents. The appropriate accounting, reporting, and valuation rules were complied with.

The consistency principle has been taken into account which relates not only to the reporting and valuation methods but also to the form of presentation.

The details in the notes are complete and accurate. § 286 para 4 HGB has been applied correctly.

4.2.2 Overall statement on the financial statements

Our audit has revealed that section 264 para. 2 of the German Commercial Code was observed and that, with due regard to the principles of proper accounting, the annual financial statements, i.e. combined with the balance sheet, the profit and loss account, and the notes, give a true and fair view of the Company's assets, liabilities, financial position and profit and loss.

The following structural overviews of the balance sheet are an analysis of the assets, liabilities, and financial position of the Company, while the analysis of the profit and loss statement analyses the earnings position.

Net worth position

In the following overview, the balance sheet as at 31 December 2022, attached as Appendix I, is consolidated in groups and compared with the figures for the previous year. The assets and liabilities items are broken down into short-term and long-term items according to their period of restriction.

	<u>31.12.2022</u>		<u>31.12.2021</u>		<u>Change</u>
	TEuro	%	TEuro	%	TEuro
ASSETS					
Tangible assets	<u>307</u>	<u>7,7</u>	<u>446</u>	<u>13,0</u>	<u>-139</u>
Long-term restricted assets	307	7,7	446	13,0	-139
Inventories	2.018	50,4	2.261	65,8	-243
Accounts receivable	1.235	30,9	323	9,4	912
Other assets	19	0,5	42	1,3	-23
Cash	<u>424</u>	<u>10,5</u>	<u>362</u>	<u>10,5</u>	<u>62</u>
Short-term restricted assets	3.696	92,3	2.988	87,0	708
	<u><u>4.003</u></u>	<u><u>100,0</u></u>	<u><u>3.434</u></u>	<u><u>100,0</u></u>	<u><u>569</u></u>
LIABILITIES					
Capital stock	<u>953</u>	<u>23,8</u>	<u>1.199</u>	<u>34,9</u>	<u>-246</u>
Long-term capital	953	23,8	1.199	34,9	-246
Accrued liabilities	407	10,2	289	8,4	118
Liabilities to suppliers	93	2,3	105	3,1	-12
Accounts payable to affiliated companies	2.362	59,0	1.665	48,5	697
Other liabilities	<u>188</u>	<u>4,7</u>	<u>176</u>	<u>5,1</u>	<u>12</u>
Short-term capital	3.050	76,2	2.235	65,1	815
	<u><u>4.003</u></u>	<u><u>100,0</u></u>	<u><u>3.434</u></u>	<u><u>100,0</u></u>	<u><u>569</u></u>

Financial position

To explain the changes in the financial position, the accounting data were compiled in the form of a **cash flow statement**.

	<u>2022</u>
	TEuro
BUSINESS ACTIVITY	
Result for the year	-1.210
+/- Depreciation of fixed assets	139
+/- Increase/decrease of provisions	118
-/+ Increase/decrease of stock, trade receivables and other assets not related to investing or financing activities	-647
+/- Increase/decrease of trade liabilities and other liabilities not related to investing or financing activities	697
+/- Interest income/expenses	<u>37</u>
= Cashflow from business activity	-866
INVESTMENT ACTIVITY	
+ Proceeds from equity allocations	965
- Interest paid	<u>-37</u>
= Cashflow from investment activities	928
 = Increase/decrease in liquid funds	 62
Liquid funds	
at the beginning of the financial year	<u>362</u>
at the end of the financial year	<u><u>424</u></u>
 Composition of the financial resources fund	
Credit balances with banks	<u><u>424</u></u>

Earnings position

In the following, revenue and expense positions of the profit and loss account for the 2022 financial year are structured from a business management perspective and compared with the figures for the previous year.

	2022		2021		increase/ decrease of income	
	TEuro	%	TEuro	%	TEuro	%
Sales revenues	5.786	100,0	4.703	100,0	1.083	23,0
Operational performance	5.786	100,0	4.703	100,0	1.083	23,0
Cost of materials	-3.987	-68,9	-3.623	-77,0	-364	-10,0
Gross profit	1.799	31,1	1.080	23,0	719	66,6
Personnel expenses	-805	-13,9	-748	-15,9	-57	-7,6
Depreciation	-139	-2,4	-179	-3,8	40	22,3
Other expenses	-2.028	-35,1	-1.739	-37,1	-289	-16,6
Operating expenses	-2.972	-51,4	-2.666	-56,8	-306	-11,5
Operating result	-1.173	-20,1	-1.586	-33,8	413	26,0
Other income	0	0,0	33	0,7	-33	-100,0
Interest received/paid (balanced)	-37	-0,6	-4	-0,1	-33	>-100
Earnings before tax	-1.210	-20,7	-1.557	-33,2	347	22,3
Net profit for the year	-1.210	-20,7	-1.557	-33,2	347	22,3

4.2.3 Essential valuation bases and changes in the valuation bases

Within the course of the following explanations, we will deal with the exercise of rights of electing approaches and the valuation methods employed, as well as with the rights by third parties in reported assets and major changes versus the previous year and their causes. We will make itemized explanations to a specific extent, unless the Appendix already contains adequate information thereon.

Intangible and tangible assets

The fixed assets are recorded in a fixed asset inventory. They are valued at historic cost less reasonable scheduled depreciation. The Company depreciates its capital assets as follows:

	<u>Method</u>	<u>Years</u>
Other fixtures and fittings, tools and equipment	straight-line	5 - 7

Inventories

The inventories are recorded on the cutoff date and entered in inventory registers. They are valued at historical cost or the lower values as at the cutoff date. Appropriate write-downs are made for obsolete or slow-moving items.

Accounts receivable (trade debtors)

Receivables are evidenced by a list of balances and stated at their nominal values.

Other Assets

The status is substantiated by balance reconciliations. Valuation is at the nominal or performance amount.

Cash, due from/to banks

These positions are shown by list of balances and statements of account.

Accrued liabilities

Other provisions consider all identifiable risks and uncertain liabilities. They are recognized at the settlement amounts of the expected claims, taking into account future price and cost increases.

Other assets and debts

The other assets and debts are substantiated by lists of current account balances and comparable documents. They are principally applied at nominal or performance amounts, respectively.

Accruals and deferrals

Revenue and expenditure are allocated to the financial year.

4.2.4 Facts-structuring measures

According to the result of our audit activities in the audit period, there were no reportable facts from facts-structuring measures with major effects on the overall statement of the annual accounts.

5. Repetition of audit opinion and concluding remark

5.1 Repetition of audit opinion

Following the final result of our audit, we issued the following unqualified audit opinion on 16 May 2023:

"AUDIT OPINION OF THE INDEPENDENT AUDITOR

To Piramal Critical Care Deutschland GmbH, Hallbergmoos

Audit opinion

We have audited the annual financial statements of Piramal Critical Care Deutschland GmbH, Hallbergmoos, consisting of the balance sheet as at 31 December 2022 and the profit and loss statement for the financial year from 1 January 2022 to 31 December 2022 and the notes, including the presentation of the accounting and valuation methods.

In our opinion, based on the findings of the audit the accompanying annual financial statements comply in all material aspects with the German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the company as at 31 December 2022 and its results of operations in accordance with German generally accepted accounting principles for the financial year from 1 January 2022 to 31 December 2022 and

Pursuant to section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the annual financial statements.

Basis of judgments

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under these rules and policies are further described in the section entitled "Auditor's Responsibility for the Audit of the Financial Statement" of our opinion. We are independent of the company in accordance with the German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the financial statements.

Responsibility of the legal representatives for the annual financial statements

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law applicable to corporations in all material respects, and that the annual financial statements give a true and fair view of the assets and liabilities, financial and earnings position of the company in accordance with German generally accepted accounting principles. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with German generally accepted accounting principles in order to enable the preparation of annual financial statements that are free from material - intended or unintended - wrong representations.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. In addition, they have the responsibility to state matters related to the continuation of the business, if applicable. In addition, they are responsible for accounting for continuing operations on the basis of the accounting principle, unless contrary to fact or law.

Responsibility of the auditor for the audit of the annual financial statement

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether intentional or unintentional, as well as to give an audit opinion that includes our audit opinions on the annual financial statement.

Reasonable assurance is a high degree of assurance, but no guarantee that an audit conducted in accordance with § 317 HGB and in compliance with the German generally accepted standards for the audit of annual financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) always reveals a material misstatement. Misrepresentations may result from any breach or inaccuracy and are considered material if it could reasonably be expected to influence, individually or collectively, the economic decisions of addressees made on the basis of these annual financial statements.

During the audit, we exercise due discretion and maintain a critical attitude. Furthermore we

- identify and assess the risks of material misstatement - whether intentional or unintentional - in the annual financial statements, plan and perform audit work in response to such risks, and obtain audit evidence that is adequate and appropriate to form the basis for our audit opinions. The risk that material misrepresentations will not be detected is higher for violations than for inaccuracies, as violations may include fraudulent interaction, counterfeiting, intentional incompleteness, misrepresentations or overriding internal controls.
- gain an understanding of the internal control system relevant to the audit of the annual financial statements and the arrangements and measures relevant to the audit of the annual financial statements in order to plan audit procedures that are appropriate in the circumstances, but not with the aim of to express an opinion on the effectiveness of these systems of the Company.
- assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimates and related disclosures made by the legal representatives.
- draw conclusions about the appropriateness of the accounting policy of going concern used by the legal representatives and, on the basis of the audit evidence obtained, whether there is material uncertainty in relation to events or circumstances that have significant doubts as to the ability of the company to act as going concern. If we conclude that there is material uncertainty, we are required to draw attention to the accompanying disclosures in the financial statements or, if inaccurate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may mean that the company can no longer continue its business activities.

- assess the overall presentation, structure and content of the annual financial statements, including the disclosures and whether the annual financial statements present the underlying transactions and events in such a manner that the annual financial statements in accordance with German GAAP accurately reflect the assets, financial and earnings situation of the company.

Among other things, we discuss with the supervisors the planned scope and timing of the audit, as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Neuss, 16 May 2023

KBHT Steuer- und Wirtschaftsberatung GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Thelen
Wirtschaftsprüfer

sgd. Wolters
Wirtschaftsprüferin"

5.2 Concluding remark

We provide the above report in compliance with the statutory regulations and the German principles of proper reporting in statutory balance sheet audits.

Neuss, 16 May 2023

KBHT Steuer- und Wirtschaftsberatung GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Thelen
Wirtschaftsprüfer

sgd. Wolters
Wirtschaftsprüferin

Appendices

Balance Sheet as at 31 December 2022

ASSETS

LIABILITIES

	31.12.2022 Euro	31.12.2021 Euro		31.12.2022 Euro	31.12.2021 Euro
A. Fixed assets			A. Capital stock		
Tangible assets			I. Subscribed capital	6.287.000,00	6.287.000,00
Other equipment, factory and office	307.132,73	446.428,92	II. Capital reserve	4.799.900,77	3.835.012,50
B. Current assets			III. Accumulated Deficit brought forward	-8.923.467,60	-7.354.292,58
I. Inventories			IV. Loss for the year	-1.210.411,86	-1.569.175,02
Goods for resale	2.018.295,06	2.260.653,84	B. Accrued liabilities		
II. Accounts receivable and other assets			Other accrued liabilities	407.307,11	289.499,18
1. Accounts receivable (trade debtors)	1.235.436,56	323.299,98	C. Liabilities		
2. Other assets	18.777,60	42.292,64	1. Trade payables	93.077,32	105.045,87
	1.254.214,16	365.592,62	2. Accounts due to affiliated companies	2.361.897,56	1.664.750,26
III. Cash, due from banks	423.795,49	361.549,37	3. Other liabilities	188.134,14	176.384,54
				2.643.109,02	1.946.180,67
	4.003.437,44	3.434.224,75		4.003.437,44	3.434.224,75

**Profit and loss statement
from 1 January 2022 to 31 December 2022**

	2022 Euro	2021 Euro
1. Sales revenues	5.786.357,06	4.703.025,76
2. Other operating income	0,00	33.271,99
3. Cost of materials	3.987.459,12	3.622.628,27
4. Personnel expenses	804.871,71	747.929,93
5. Depreciation	139.296,19	179.263,95
6. Other operating expense	2.028.414,43	1.745.467,92
7. Interest and similar expenses	<u>36.727,47</u>	<u>3.937,23</u>
8. Profit after taxes	-1.210.411,86	-1.562.929,55
9. Other taxes	<u>0,00</u>	<u>6.245,47</u>
10. Net loss	<u><u>1.210.411,86</u></u>	<u><u>1.569.175,02</u></u>

Notes for the fiscal year 2022

GENERAL INFORMATION ON THE FINANCIAL STATEMENTS

The annual financial statements of Piramal Critical Care Deutschland GmbH were prepared on the basis of the accounting regulations of the German Commercial Code.

In addition to these regulations, the provisions of the German Limited Liability Companies Act (GmbH-Gesetz) had to be observed.

The nature of expense method was chosen for the income statement.

According to the size categories specified in Section 267 of the German Commercial Code, the Company is a small corporation.

Company identification information according to the registry court

Company name according to register court:	Piramal Critical Care Deutschland GmbH
Registered office according to register court:	Hallbergmoos
Register entry:	Commercial Register
Register court:	Munich
Register no.:	HRB 196823

NOTES ON ACCOUNTING AND VALUATION METHODS

Accounting and valuation principles

Acquired intangible assets were carried at cost and, where subject to wear and tear, reduced by scheduled depreciation.

Property, plant and equipment have been stated at acquisition or production cost and, where subject to wear and tear, reduced by scheduled depreciation.

Scheduled depreciation has been charged on a straight-line basis over the expected useful lives of the assets.

Inventories are stated at cost. Where losses are incurred as a result of lower selling prices, the lower fair values have been applied.

Receivables and other assets were valued at acquisition cost, taking into account all identifiable risks.

Other accruals were recognized for all other uncertain liabilities and stated at the settlement amount. All identifiable risks were taken into account.

Liabilities were valued at their amounts repayable.

Accounting and valuation methods differing from those of the previous year

There was no fundamental change in accounting and valuation methods compared with the previous year.

DISCLOSURES TO THE BALANCE SHEET

Receivables

The amount of receivables with a remaining term of more than one year is EUR 9k (previous year: EUR 9k).

Liabilities

The remaining terms of the liabilities break down as follows:

	to 1 year in TEUR	above 1 year in TEUR
Trade payables (Prior year)	93 (105)	0 0
Accounts due to affiliated companies (Prior year)	1.478 (781)	884 (884)
Other liabilities (Prior year)	188 (176)	0 0
Sum (Prior year)	1.759 (1.062)	884 (884)

In the liabilities due to affiliated companies are included:

	In TEUR
Trade payables (Prior year)	1.437 (777)
Other liabilities (Prior year)	925 (888)
Trade payables due to shareholders (Prior year)	925 (888)

Other liabilities include tax liabilities in the amount of EUR 187k (previous year: EUR 176k).

DISCLOSURES TO THE INCOME STATEMENT

Personnel expenses include expenses for pensions in the amount of EUR 21k (prior year: EUR 14k).

OTHER FINANCIAL OBLIGATIONS

The other financial obligations arising from rental and lease agreements and for inventory management costs amount to EUR 574k (prior year: EUR 389k) per year.

OTHER DISCLOSURES

Average number of employees during the financial year

The average number of staff employed by the company during the financial year was 8.

Group affiliation

The single shareholder of Piramal Critical Care Germany is Piramal Dutch Holdings N.V., Leiden (Netherlands). The single shareholder of Piramal Dutch Holdings NV is Piramal Pharma Ltd, Mumbai (India). Piramal Critical Care Deutschland GmbH is included in the consolidated financial statements of Piramal Pharma Ltd, Mumbai (India) (smallest and largest consolidated group).

SIGNATURE OF THE MANAGEMENT

Hallbergmoos, 16 May 2023

Management

Mahesh Sane

Andrew Morris

Legal situation and general information

Annex IV

Company and legal form:	Piramal Critical Care Deutschland GmbH		
Seat:	Hallbergmoos		
Shareholders' Agreement:	dated 10 January 2012, last modified on 27 August 2019		
Entry in the Commercial Register:	Commercial Register Munich, HRB 196823		
Object of the company:	Marketing, sale, distribution and trade of medical products of the Piramal group		
Financial year:	1 January to 31 December		
Shareholders and capital resources:	Shareholder:	Euro	%
	Piramal Dutch Holdings N.V., Amsterdam, Niederlande	6.287.000,00	100
Management and representation:	<p>The managing directors in the financial year were:</p> <p>Mahesh Sane, with sole power of representation Andrew Morris, authorised to represent together with another managing director or authorised signatory.</p> <p>The managing directors are exempted from the restrictions of § 181 BGB (German Civil Code).</p>		
Shareholders' meeting and prior-year accounts:	<p>The shareholders' meeting of 29 November 2022 formally adopted and approved the accounts as at 31 December 2021.</p> <p>The Management was released from its responsibility.</p>		
Tax situation:	The tax assessment from 2018 onwards is subject to review.		

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term "Textform" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.

PIRAMAL CRITICAL CARE ITALIA S.P.A.

Relazione sulla Gestione al 31/12/2022

Dati Anagrafici	
Sede in	SAN GIOVANNI LUPATOTO
Codice Fiscale	03981260239
Numero Rea	VERONA381692
P.I.	03981260239
Capitale Sociale Euro	2.500.000,00 i.v.
Forma Giuridica	SOCIETA' PER AZIONI CON SOCIO UNICO
Settore di attività prevalente (ATECO)	464610
Società in liquidazione	no
Società con Socio Unico	si
Società sottoposta ad altrui attività di direzione e coordinamento	si
Denominazione della società o ente che esercita l'attività di direzione e coordinamento	PIRAMAL DUTCH HOLDINGS NV
Appartenenza a un gruppo	si
Denominazione della società capogruppo	PIRAMAL DUTCH HOLDINGS N.V.
Paese della capogruppo	AMSTERDAM
Numero di iscrizione all'albo delle cooperative	

Gli importi presenti sono espressi in Euro

Signori Azionisti/Soci

l'esercizio chiude con un risultato positivo/negativo di € -455.269 . L'esercizio precedente riportava un risultato positivo/negativo di € -365.537

Andamento generale e scenario di mercato

Piramal è una società di diritto italiano che opera nel settore farmaceutico, nel settore della cura e diagnosi ed in particolare della cura acuta. Più precisamente fa parte della divisione Critical Care del Gruppo Piramal che si occupa di farmaci per anestesia, medicina d'urgenza, malattie rare e gestione del dolore.

Viene costituita il 3 novembre 2010, da parte del Gruppo Piramal, con l'intento di acquisire l'azienda Altaselect s.r.l. in liquidazione, società del gruppo Diaco Medical Group GmbH.

L'acquisizione avvenuta il successivo 19 novembre 2010 fu finalizzata all'ingresso nel mercato locale italiano da parte del Gruppo con lo scopo di poter veicolare, per il tramite di una piccola azienda ivi già operante, i prodotti della divisione anestesia e medicina d'urgenza.

PCCI si è concentrata sul business relativo ai farmaci per anestesia e su questo concentrare investimenti, energie e risorse sia in ambito nazionale che internazionale. In aggiunta ai farmaci di titolarità Piramal l'azienda ha inserito nel proprio catalogo diversi prodotti di altre aziende, sia concentrandosi sul mercato del Critical Care in ambito operatorio, con specifico riferimento ai farmaci complementari a quelli già esistenti ma anche esplorando verso nuovi mercati.

Relativamente al core business dell'azienda, quale commercializzazione degli agenti anestetici per sala operatoria, da diversi anni si è introdotta l'attività di installazione, manutenzione ed assistenza di apparecchiature necessarie per l'utilizzo di detti agenti anestetici. Le apparecchiature, chiamate vaporizzatori, vengono fornite in comodato d'uso gratuito a fronte di contratti di fornitura quali gare d'appalto o contratti tra privati.

Un business, a margine dell'attività principale, è quello relativo al mercato dei farmaci veterinari nello specifico un agente anestetico di titolarità della casa madre.

Inoltre, al fine del completamento del proprio catalogo prodotti, ha iniziato la commercializzazione di alcuni farmaci generici dal 2015 in distribuzione da un'azienda farmaceutica italiana. L'attività di commercializzazione viene svolta a fronte di un contratto che definisce territorio, prezzo e prodotti.

Per garantire la continuità di crescita dell'azienda, nel 2021 viene siglato un contratto con un nuovo fornitore di farmaci generici ed un fornitore di Medical Device. Entrambi questi contratti hanno lo scopo di proseguire con l'inserimento di PCCI in settori affini a quelli in cui già opera.

Andamento della gestione

Nello svolgimento di detta attività PCCI ha impiegato mediamente, nel corso del 2021, 10 persone con rapporto di lavoro dipendente a tempo indeterminato. L'incremento di una figura in ambito

Amministrativo-contabile si è resa necessaria a fronte dell'incremento di attività interne che PCCI ha dovuto affrontare.

In aggiunta al personale dipendente si è reso necessario inserire due ulteriori figure con contratto di apprendistato a far data da Settembre/Ottobre 2021. Entrambe le figure svolgono mansioni interne, una presso l'ufficio Tender Office e la seconda presso Customer Service.

La società si avvale anche del supporto di agenti e distributori esterni all'azienda stessa per la proposta/vendita sul territorio.

Già nell'anno 2012 PCCI ha predisposto un sistema di gestione qualità e l'attività è proseguita con soddisfazione nell'anno 2022.

Nei precedenti anni di attività PCCI si è uniformata alle certificazioni ISO 9001:2015 e ISO 13485:2016 con l'adeguamento normativo che ha comportato l'aggiornamento del MQ e di tutte le procedure.

Ad integrazione di quanto l'azienda ha già precedentemente svolto nel rispetto dell'Assicurazione della Qualità, ha inoltre inserito in organigramma le figure previste dalla normativa di sicurezza quali medico competente includendo tutte le normative riguardanti la privacy.

Inoltre, PCCI, ha investito nell'adeguamento delle infrastrutture IT al fine di risolvere i problemi di connettività e sicurezza evitando le interruzioni di sistema e le problematiche collegate al sistema SAP Business One.

Ai fini di fornire un migliore quadro conoscitivo dell'andamento e del risultato della gestione e della situazione patrimoniale e finanziaria, le tabelle sottostanti espongono una riclassificazione del Conto Economico a valore aggiunto, una riclassificazione dello Stato Patrimoniale per aree funzionali e su base finanziaria e i più significativi indici di bilancio.

Conto Economico Riclassificato	31/12/2022	31/12/2021
Ricavi delle vendite	12.059.104	9.556.809
Produzione interna	0	0
Valore della produzione operativa	12.059.104	9.556.809
Costi esterni operativi	10.903.652	8.540.177
Valore aggiunto	1.155.452	1.016.632
Costi del personale	1.096.581	904.941
Margine Operativo Lordo	58.871	111.691
Ammortamenti e accantonamenti	270.439	395.808
Risultato Operativo	(211.568)	(284.117)
Risultato dell'area accessoria	(215.333)	(81.571)
Risultato dell'area finanziaria (al netto degli oneri finanziari)	(307)	160
Ebit normalizzato	(427.208)	(365.528)
Risultato dell'area straordinaria	0	0
Ebit integrale	(427.208)	(365.528)
Oneri finanziari	34.727	9
Risultato lordo	(461.935)	(365.537)
Imposte sul reddito	0	0
Risultato netto	(461.935)	(365.537)

Indicatori di finanziamento delle immobilizzazioni	31/12/2022	31/12/2021
Margine primario di struttura	1.365.690	1.565.263
Quoziente primario di struttura	2,77	2,51
Margine secondario di struttura	1.460.401	1.639.675
Quoziente secondario di struttura	2,89	2,59

Indici sulla struttura dei finanziamenti	31/12/2022	31/12/2021
Quoziente di indebitamento complessivo	2,64	2,07
Quoziente di indebitamento finanziario	1,44	0,03

Stato Patrimoniale per aree funzionali	31/12/2022	31/12/2021
IMPIEGHI		
Capitale Investito Operativo	7.727.273	7.938.170
- Passività Operative	2.549.326	5.315.777
Capitale Investito Operativo netto	5.177.947	2.622.393
Impieghi extra operativi	47.040	42.771
Capitale Investito Netto	5.224.987	2.665.164
FONTI		
Mezzi propri	2.137.278	2.599.218
Debiti finanziari	3.087.709	65.946
Capitale di Finanziamento	5.224.987	2.665.164

Indici di redditività	31/12/2022	31/12/2021
ROE netto	-21,61 %	-14,06 %
ROE lordo	-21,61 %	-14,06 %
ROI	-5,5 %	-4,58 %
ROS	-3,54 %	-3,82 %

Stato Patrimoniale finanziario	31/12/2022	31/12/2021
ATTIVO FISSO	771.588	1.033.955
Immobilizzazioni immateriali	5.483	10.973
Immobilizzazioni materiali	766.105	1.022.982
Immobilizzazioni finanziarie	0	0
ATTIVO CIRCOLANTE	7.002.725	6.946.986
Magazzino	3.366.305	3.891.608
Liquidità differite	3.357.692	2.541.538
Liquidità immediate	278.728	513.840
CAPITALE INVESTITO	7.774.313	7.980.941
MEZZI PROPRI	2.137.278	2.599.218
Capitale Sociale	2.500.000	2.500.000
Riserve	(362.722)	99.218
PASSIVITA' CONSOLIDATE	94.711	74.412
PASSIVITA' CORRENTI	5.542.324	5.307.311
CAPITALE DI FINANZIAMENTO	7.774.313	7.980.941

Indicatori di solvibilità	31/12/2022	31/12/2021
Margine di disponibilità (CCN)	1.511.579	1.701.130
Quoziente di disponibilità	127,53 %	132,43 %
Margine di tesoreria	(1.854.726)	(2.190.478)
Quoziente di tesoreria	66,22 %	58,24 %

Informazioni relative alle relazioni con l'ambiente e con il personale

Ai sensi dell'art. 2428 comma 2 del Codice Civile si precisa che la società non è produttiva ma commerciale e non ha quindi necessità di smaltimento di rifiuti pericolosi dal punto di vista ambientale.

Per quanto concerne il personale, questo svolge attività d'ufficio ma sono comunque prese iniziative necessarie alla tutela dei luoghi di lavoro,

Descrizioni dei principali rischi e incertezze cui la società è esposta

La società ha strutturato un adeguato processo di identificazione, monitoraggio e gestione dei principali rischi che potrebbero compromettere il raggiungimento degli obiettivi aziendali.

Ai sensi dell'art. 2428 comma 1 del Codice Civile qui di seguito sono indicati i principali rischi cui la società è esposta.

Rischio paese

La società non opera in aree geografiche che potrebbero far insorgere rischi (*di natura macro-economica, di mercato, sociale*) il cui verificarsi potrebbero determinare un effetto negativo nell'area reddituale, finanziaria e patrimoniale.

Rischio di credito

Il rischio dei crediti rappresenta l'esposizione a potenziali perdite derivanti dal mancato adempimento delle obbligazioni assunte dalle controparti sia commerciali che finanziarie.

La società opera sempre con saldi bancari positivi ed è sostenuta finanziariamente dal gruppo cui fa parte.

Rischi finanziari

Gli strumenti finanziari utilizzati sono rappresentati da liquidità, attività e passività e non vi sono rischi specifici in merito.

Rischio di liquidità

Il rischio di liquidità rappresenta il rischio che risorse finanziarie disponibili non siano sufficienti a soddisfare, nei termini e nelle scadenze stabilite, gli impegni derivanti dalle passività finanziarie.

Come scritto più sopra la società è ampiamente sostenuta da gruppo Piramal.

Rischio di tasso d'interesse

I rischi di tasso d'interesse sono principalmente riferiti al rischio di oscillazione del tasso d'interesse dell'indebitamento finanziario a medio-lungo termine, quindi alla misura degli oneri finanziari relativi. L'unico finanziamento in corso è con una società del gruppo, per un valore di 3 milioni di euro, ad un tasso attualmente del 6,5% e che potrà ridiscusso tra le parti tramite specifico accordo.

Rischio di cambio

L'esposizione al rischio di cambio è limitata, non essendovi esposizioni di rilievo in valuta estera.

Attività di ricerca e sviluppo

Nel corso dell'esercizio la Vostra società non ha sostenuto costi in attività di ricerca e di sviluppo di rilievo.

Investimenti

Gli investimenti dell'esercizio sono già dettagliati nella nota integrativa, alla quale si rimanda.

Informativa sull'attività di direzione e coordinamento e rapporti con imprese del gruppo

Ai sensi dell'art. 2497 e segg. c.c., la Società è soggetta all'attività di direzione e coordinamento da parte della società PIRAMAL DUTCH HOLDING B.V.

Ai sensi del comma 5 dell'art. 2497-bis del Codice Civile, qui di seguito sono esposti i rapporti intercorsi con tale società e con le seguenti altre società del gruppo

Tipologie	Piramal Critical Care Inc	Piramal Critical Care Ltd	Piramal Critical Care B.V.	Piramal Corporate Services Ltd	Piramal Pharma Ltd
<u>Rapporti commerciali e diversi</u>					
Crediti	0	34.117	0	0	
Debiti	0	43.346	1.317.895	11.302	6.041
Garanzie	0	0	0	0	
Impegni	0	0	0	0	
Costi - beni	0	-102.104	-3.451.151	0	
Costi - servizi	0	-14.403	-11.326	-109.954	-6.041
Costi - altri	0	0	0	0	
Ricavi - beni	0	0	0	0	
Ricavi - servizi	20.988	34.117	0	0	
Ricavi - altri	0	0	0	0	
<u>Rapporti finanziari</u>					
Crediti	0	0	0	0	
Debiti	3.034.726	0	0	0	
Garanzie	0	0	0	0	
Oneri	0	0	0	0	
Proventi	0	0	0	0	
Altro	0	0	0	0	

Con riferimento ai rapporti instaurati, si comunica che le operazioni sono effettuate a condizioni di mercato.

Azioni proprie e azioni/quote di società controllanti

Ai sensi dell'art. 2428, comma 3, numeri 3) e 4) del Codice Civile, si precisa che non ci sono azioni proprie o azioni/quote di controllati.

Evoluzione prevedibile della gestione

In termini di business si può positivamente sottolineare che nel 2022 PCCI ha raggiunto un fatturato di oltre 12 mio di Euro, con un deciso incremento rispetto l'anno precedente (2021 – 9 mio di Euro). Tale crescita è frutto di una pianificazione di inserimento dei nuovi prodotti sul territorio, di strategie focalizzate a raggiungere nuovi clienti, ad organizzazione di offerte mirate a vincere gara d'appalto pubbliche di interesse regionali.

Nello specifico si deve evidenziare l'aggiudicazione di nuove gare d'appalto con il raggiungimento del target prefissato, quale incremento del market share. L'investimento più importante, in termini di tempo è stato l'inserimento dei vaporizzatori.

La strategia della company, quale Piramal che PCCI, sottolinea la volontà di ottimizzare gli investimenti e focalizzare le attività con un monitoraggio continuo sulla redditività del singolo cliente. L'applicazione del modello ratio/vaporizzatore consente una politica strategica che viene attuata nella gestione del business.

L'attuamento della strategia "singolo ospedale" che si vuole applicare consentirà, per esempio, di programmare le installazioni nei singoli ospedali concentrando le attività in poche ore di servizio ed una ottimizzazione dei costi.

L'evoluzione di PCCI vedrà l'azienda coinvolta in progetti di inserimento nuovi farmaci (brand Piramal) e la distribuzione di nuove molecole attraverso contratti di distribuzione con gli attuali partner.

Sedi secondarie

Ai sensi del comma 4 dell'art. 2428 Cod. civ., non vi sono informazioni da fornire.

L'Organo Amministrativo

DE YOUNG PETER

DocuSigned by:

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PIRAMAL CRITICAL CARE ITALIA S.P.A.

Bilancio di esercizio al 31-12-2022

Dati anagrafici	
Sede in	SAN GIOVANNI LUPATOTO
Codice Fiscale	03981260239
Numero Rea	VERONA 381692
P.I.	03981260239
Capitale Sociale Euro	2.500.000 i.v.
Forma giuridica	SOCIETA' PER AZIONI CON SOCIO UNICO
Settore di attività prevalente (ATECO)	464610
Società in liquidazione	no
Società con socio unico	si
Società sottoposta ad altrui attività di direzione e coordinamento	si
Denominazione della società o ente che esercita l'attività di direzione e coordinamento	PIRAMAL DUTCH HOLDINGS NV
Appartenenza a un gruppo	si
Denominazione della società capogruppo	PIRAMAL DUTCH HOLDINGS N.V.
Paese della capogruppo	AMSTERDAM

Stato patrimoniale

	31-12-2022	31-12-2021
Stato patrimoniale		
Attivo		
A) Crediti verso soci per versamenti ancora dovuti		
Totale crediti verso soci per versamenti ancora dovuti (A)	0	0
B) Immobilizzazioni		
I - Immobilizzazioni immateriali		
1) costi di impianto e di ampliamento	0	0
2) costi di sviluppo	0	0
3) diritti di brevetto industriale e diritti di utilizzazione delle opere dell'ingegno	0	0
4) concessioni, licenze, marchi e diritti simili	0	0
5) avviamento	0	0
6) immobilizzazioni in corso e acconti	0	0
7) altre	5.483	10.973
Totale immobilizzazioni immateriali	5.483	10.973
II - Immobilizzazioni materiali		
1) terreni e fabbricati	0	0
2) impianti e macchinario	745.337	1.007.102
3) attrezzature industriali e commerciali	0	0
4) altri beni	20.768	15.880
5) immobilizzazioni in corso e acconti	0	0
Totale immobilizzazioni materiali	766.105	1.022.982
III - Immobilizzazioni finanziarie		
Totale immobilizzazioni finanziarie	0	0
Totale immobilizzazioni (B)	771.588	1.033.955
C) Attivo circolante		
I - Rimanenze		
4) prodotti finiti e merci	3.366.305	3.891.608
Totale rimanenze	3.366.305	3.891.608
II - Crediti		
1) verso clienti		
esigibili entro l'esercizio successivo	3.265.850	2.407.010
esigibili oltre l'esercizio successivo	0	-
Totale crediti verso clienti	3.265.850	2.407.010
5) verso imprese sottoposte al controllo delle controllanti		
esigibili entro l'esercizio successivo	34.117	0
esigibili oltre l'esercizio successivo	0	-
Totale crediti verso imprese sottoposte al controllo delle controllanti	34.117	0
5-bis) crediti tributari		
esigibili entro l'esercizio successivo	4.464	87.401
esigibili oltre l'esercizio successivo	0	-
Totale crediti tributari	4.464	87.401
5-quater) verso altri		
esigibili entro l'esercizio successivo	6.221	4.356
esigibili oltre l'esercizio successivo	0	-
Totale crediti verso altri	6.221	4.356
Totale crediti	3.310.652	2.498.767
III - Attività finanziarie che non costituiscono immobilizzazioni		

Totale attività finanziarie che non costituiscono immobilizzazioni	0	0
IV - Disponibilità liquide		
1) depositi bancari e postali	278.548	513.482
3) danaro e valori in cassa	180	358
Totale disponibilità liquide	278.728	513.840
Totale attivo circolante (C)	6.955.685	6.904.215
D) Ratei e risconti	47.040	42.771
Totale attivo	7.774.313	7.980.941
Passivo		
A) Patrimonio netto		
I - Capitale	2.500.000	2.500.000
II - Riserva da sovrapprezzo delle azioni	0	0
III - Riserve di rivalutazione	0	0
IV - Riserva legale	0	0
V - Riserve statutarie	0	0
VI - Altre riserve, distintamente indicate		
Versamenti in conto capitale	99.215	464.753
Versamenti a copertura perdite	0	-
Varie altre riserve	(2)	2
Totale altre riserve	99.213	464.755
VII - Riserva per operazioni di copertura dei flussi finanziari attesi	0	0
VIII - Utili (perdite) portati a nuovo	0	0
IX - Utile (perdita) dell'esercizio	(455.269)	(365.537)
Perdita ripianata nell'esercizio	0	0
X - Riserva negativa per azioni proprie in portafoglio	0	0
Totale patrimonio netto	2.143.944	2.599.218
B) Fondi per rischi e oneri		
Totale fondi per rischi ed oneri	0	0
C) Trattamento di fine rapporto di lavoro subordinato	94.711	74.412
D) Debiti		
4) debiti verso banche		
esigibili entro l'esercizio successivo	1.805	2.040
esigibili oltre l'esercizio successivo	0	-
Totale debiti verso banche	1.805	2.040
7) debiti verso fornitori		
esigibili entro l'esercizio successivo	746.243	1.817.080
esigibili oltre l'esercizio successivo	0	-
Totale debiti verso fornitori	746.243	1.817.080
11) debiti verso controllanti		
esigibili entro l'esercizio successivo	0	4.498
esigibili oltre l'esercizio successivo	0	-
Totale debiti verso controllanti	0	4.498
11-bis) debiti verso imprese sottoposte al controllo delle controllanti		
esigibili entro l'esercizio successivo	4.414.720	3.249.889
esigibili oltre l'esercizio successivo	0	-
Totale debiti verso imprese sottoposte al controllo delle controllanti	4.414.720	3.249.889
12) debiti tributari		
esigibili entro l'esercizio successivo	44.339	37.118
esigibili oltre l'esercizio successivo	0	-
Totale debiti tributari	44.339	37.118
13) debiti verso istituti di previdenza e di sicurezza sociale		

esigibili entro l'esercizio successivo	49.631	41.722
esigibili oltre l'esercizio successivo	0	-
Totale debiti verso istituti di previdenza e di sicurezza sociale	49.631	41.722
14) altri debiti		
esigibili entro l'esercizio successivo	227.742	91.058
esigibili oltre l'esercizio successivo	0	-
Totale altri debiti	227.742	91.058
Totale debiti	5.484.480	5.243.405
E) Ratei e risconti	51.178	63.906
Totale passivo	7.774.313	7.980.941

Conto economico

	31-12-2022	31-12-2021
Conto economico		
A) Valore della produzione		
1) ricavi delle vendite e delle prestazioni	12.059.104	9.556.809
5) altri ricavi e proventi		
altri	133.701	26.046
Totale altri ricavi e proventi	133.701	26.046
Totale valore della produzione	12.192.805	9.582.855
B) Costi della produzione		
6) per materie prime, sussidiarie, di consumo e di merci	8.487.212	8.569.276
7) per servizi	1.508.016	1.340.565
8) per godimento di beni di terzi	294.511	300.602
9) per il personale		
a) salari e stipendi	758.193	640.729
b) oneri sociali	262.165	206.273
c) trattamento di fine rapporto	21.560	12.412
e) altri costi	54.663	45.527
Totale costi per il personale	1.096.581	904.941
10) ammortamenti e svalutazioni		
a) ammortamento delle immobilizzazioni immateriali	5.489	105.489
b) ammortamento delle immobilizzazioni materiali	248.411	278.093
d) svalutazioni dei crediti compresi nell'attivo circolante e delle disponibilità liquide	16.539	12.226
Totale ammortamenti e svalutazioni	270.439	395.808
11) variazioni delle rimanenze di materie prime, sussidiarie, di consumo e merci	613.913	(1.670.266)
14) oneri diversi di gestione	342.368	107.617
Totale costi della produzione	12.613.040	9.948.543
Differenza tra valore e costi della produzione (A - B)	(420.235)	(365.688)
C) Proventi e oneri finanziari		
16) altri proventi finanziari		
d) proventi diversi dai precedenti		
altri	0	10
Totale proventi diversi dai precedenti	0	10
Totale altri proventi finanziari	0	10
17) interessi e altri oneri finanziari		
verso imprese sottoposte al controllo delle controllanti	34.726	0
altri	1	9
Totale interessi e altri oneri finanziari	34.727	9
17-bis) utili e perdite su cambi	(307)	150
Totale proventi e oneri finanziari (15 + 16 - 17 + - 17-bis)	(35.034)	151
D) Rettifiche di valore di attività e passività finanziarie		
Totale delle rettifiche di valore di attività e passività finanziarie (18 - 19)	0	0
Risultato prima delle imposte (A - B + - C + - D)	(455.269)	(365.537)
21) Utile (perdita) dell'esercizio	(455.269)	(365.537)

Rendiconto finanziario, metodo indiretto

	31-12-2022	31-12-2021
Rendiconto finanziario, metodo indiretto		
A) Flussi finanziari derivanti dall'attività operativa (metodo indiretto)		
Utile (perdita) dell'esercizio	(455.269)	(365.537)
Interessi passivi/(attivi)	34.727	(1)
(Dividendi)	0	0
(Plusvalenze)/Minusvalenze derivanti dalla cessione di attività	0	(4.993)
1) Utile (perdita) dell'esercizio prima d'imposte sul reddito, interessi, dividendi e plus/minusvalenze da cessione	(420.542)	(370.531)
Rettifiche per elementi non monetari che non hanno avuto contropartita nel capitale circolante netto		
Accantonamenti ai fondi	0	0
Ammortamenti delle immobilizzazioni	253.900	383.582
Svalutazioni per perdite durevoli di valore	0	0
Rettifiche di valore di attività e passività finanziarie di strumenti finanziari derivati che non comportano movimentazione monetarie	0	0
Altre rettifiche in aumento/(in diminuzione) per elementi non monetari	16.539	12.226
Totale rettifiche per elementi non monetari che non hanno avuto contropartita nel capitale circolante netto	270.439	395.808
2) Flusso finanziario prima delle variazioni del capitale circolante netto	(150.103)	25.277
Variazioni del capitale circolante netto		
Decremento/(Incremento) delle rimanenze	525.303	(1.670.267)
Decremento/(Incremento) dei crediti verso clienti	(875.379)	(676.961)
Incremento/(Decremento) dei debiti verso fornitori	(1.070.837)	1.627.262
Decremento/(Incremento) dei ratei e risconti attivi	(4.269)	(14.000)
Incremento/(Decremento) dei ratei e risconti passivi	(12.728)	55.967
Altri decrementi/(Altri Incrementi) del capitale circolante netto	(1.675.625)	1.478.255
Totale variazioni del capitale circolante netto	(3.113.535)	800.256
3) Flusso finanziario dopo le variazioni del capitale circolante netto	(3.263.638)	825.533
Altre rettifiche		
Interessi incassati/(pagati)	0	1
(Imposte sul reddito pagate)	0	0
Dividendi incassati	0	0
(Utilizzo dei fondi)	20.299	9.902
Altri incassi/(pagamenti)	0	0
Totale altre rettifiche	20.299	9.903
Flusso finanziario dell'attività operativa (A)	(3.243.339)	835.436
B) Flussi finanziari derivanti dall'attività d'investimento		
Immobilizzazioni materiali		
(Investimenti)	0	(473.582)
Disinvestimenti	8.466	0
Immobilizzazioni immateriali		
(Investimenti)	0	(100.000)
Disinvestimenti	1	0
Immobilizzazioni finanziarie		
(Investimenti)	0	0
Disinvestimenti	0	0
Attività finanziarie non immobilizzate		
(Investimenti)	0	0
Disinvestimenti	0	0

(Acquisizione di rami d'azienda al netto delle disponibilità liquide)	0	0
Cessione di rami d'azienda al netto delle disponibilità liquide	0	0
Flusso finanziario dell'attività di investimento (B)	8.467	(573.582)
C) Flussi finanziari derivanti dall'attività di finanziamento		
Mezzi di terzi		
Incremento/(Decremento) debiti a breve verso banche	(235)	2.004
Accensione finanziamenti	3.000.000	0
(Rimborso finanziamenti)	0	0
Mezzi propri		
Aumento di capitale a pagamento	0	1
(Rimborso di capitale)	(5)	0
Cessione/(Acquisto) di azioni proprie	0	0
(Dividendi e acconti su dividendi pagati)	0	0
Flusso finanziario dell'attività di finanziamento (C)	2.999.760	2.005
Incremento (decremento) delle disponibilità liquide (A ± B ± C)	(235.112)	263.859
Effetto cambi sulle disponibilità liquide	0	0
Disponibilità liquide a inizio esercizio		
Depositi bancari e postali	513.482	249.132
Assegni	0	0
Danaro e valori in cassa	358	849
Totale disponibilità liquide a inizio esercizio	513.840	249.981
Di cui non liberamente utilizzabili	0	0
Disponibilità liquide a fine esercizio		
Depositi bancari e postali	278.548	513.482
Danaro e valori in cassa	180	358
Totale disponibilità liquide a fine esercizio	278.728	513.840
Di cui non liberamente utilizzabili	0	0

Nota integrativa al Bilancio di esercizio chiuso al 31-12-2022

Nota integrativa, parte iniziale

Nota Integrativa al bilancio di esercizio al 31/12/2022

PREMESSA

Il bilancio è redatto in forma abbreviata conformemente all'art. 2435-bis del Codice Civile.

Il bilancio chiuso al 31/12/2022 di cui la presente nota integrativa costituisce parte integrante ai sensi dell'art. 2423, primo comma del Codice Civile, corrisponde alle risultanze delle scritture contabili regolarmente tenute ed è redatto conformemente agli articoli 2423, 2423 ter, 2424, 2424 bis, 2425, 2425 bis, 2425 ter del Codice Civile, secondo principi di redazione conformi a quanto stabilito dall'art. 2423 bis e criteri di valutazione di cui all'art. 2426 c.c..

Principi di redazione

PRINCIPI DI REDAZIONE

Al fine di redigere il bilancio con chiarezza e fornire una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria e del risultato economico conformemente al disposto dell'articolo 2423 bis del Codice Civile, si è provveduto a:

- valutare le singole voci secondo prudenza ed in previsione di una normale continuità aziendale;
- includere i soli utili effettivamente realizzati nel corso dell'esercizio;
- determinare i proventi ed i costi nel rispetto della competenza temporale, ed indipendentemente dalla loro manifestazione finanziaria;
- comprendere tutti i rischi e le perdite di competenza, anche se divenuti noti dopo la conclusione dell'esercizio;
- considerare distintamente, ai fini della relativa valutazione, gli elementi eterogenei inclusi nelle varie voci del bilancio;
- mantenere immutati i criteri di valutazione adottati rispetto al precedente esercizio.

Sono stati altresì rispettati i seguenti postulati di bilancio di cui all'OIC 11 par. 15:

- a) prudenza;
- b) prospettiva della continuità aziendale;
- c) rappresentazione sostanziale;
- d) competenza;
- e) costanza nei criteri di valutazione;
- f) rilevanza;
- g) comparabilità.

Prospettiva della continuità aziendale

Per quanto concerne tale principio, la valutazione delle voci di bilancio è stata effettuata nella prospettiva della continuità aziendale e quindi tenendo conto del fatto che l'azienda costituisce un complesso economico funzionante,

destinato, almeno per un prevedibile arco di tempo futuro (12 mesi dalla data di riferimento di chiusura del bilancio), alla produzione di reddito.

Casi eccezionali ex art. 2423, quinto comma, del Codice Civile

CASI ECCEZIONALI EX ART. 2423, QUINTO COMMA DEL CODICE CIVILE

Non si sono verificati eventi eccezionali che abbiano reso necessario il ricorso a deroghe di cui all'art.2423, quinto comma del Codice Civile.

Cambiamenti di principi contabili

CAMBIAMENTI DI PRINCIPI CONTABILI

Non si sono verificati cambiamenti di principi contabili nell'esercizio.

Criteri di valutazione applicati

CRITERI DI VALUTAZIONE APPLICATI

I criteri applicati nella valutazione delle voci di bilancio, esposti di seguito, sono conformi a quanto disposto dall'art. 2426 del Codice Civile.

I criteri di valutazione di cui all'art. 2426 del Codice Civile sono conformi a quelli utilizzati nella redazione del bilancio del precedente esercizio.

Immobilizzazioni immateriali

Le immobilizzazioni immateriali sono iscritte, nel limite del valore recuperabile, al costo di acquisto o di produzione interna, inclusi tutti gli oneri accessori di diretta imputazione, e sono sistematicamente ammortizzate in quote costanti in relazione alla residua possibilità di utilizzazione del bene.

Le immobilizzazioni immateriali sono riferite a:

- spese di ristrutturazione degli uffici condotti in locazione. Il periodo di ammortamento è legato alla durata del relativo contratto.
- costo di acquisto di una licenza per la vendita di farmaci la cui redditività è al momento da verificare dati i cambiamenti avvenuti a livello di mercato

Immobilizzazioni materiali

Le immobilizzazioni materiali sono rilevate alla data in cui avviene il trasferimento dei rischi e dei benefici connessi ai beni acquisiti e sono iscritte, nel limite del valore recuperabile, al costo di acquisto o di produzione al netto dei relativi fondi di ammortamento, inclusi tutti i costi e gli oneri accessori di diretta imputazione, dei costi indiretti inerenti la produzione interna, nonché degli oneri relativi al finanziamento della fabbricazione interna sostenuti nel periodo di fabbricazione e fino al momento nel quale il bene può essere utilizzato.

L'ammortamento decorre dal momento in cui i beni sono disponibili e pronti per l'uso.

Le immobilizzazioni in corso non sono oggetto di ammortamento.

Qui di seguito sono specificate le aliquote applicate:

Impianti specifici: 15%

Altri beni:

- mobili e arredi: 12%
- macchine ufficio elettroniche: 20%
- autoveicoli: 25%

Operazioni di locazione finanziaria

Le operazioni di locazione finanziaria sono rilevate, conformemente alla normativa civilistica vigente, sulla base del 'metodo patrimoniale' che prevede la contabilizzazione a conto economico dei canoni di locazione di competenza.

L'adozione della 'metodologia finanziaria' avrebbe comportato la contabilizzazione a conto economico, in luogo dei canoni, delle quote di ammortamento sul valore dei beni acquisiti in leasing, commisurate alla durata di utilizzo, e degli interessi sul capitale residuo finanziato, oltre all'iscrizione dei beni nell'attivo patrimoniale e del residuo debito nel passivo patrimoniale.

La sezione specifica di nota integrativa riporta le informazioni correlate agli effetti della 'metodologia finanziaria'.

Rimanenze

Le rimanenze sono rilevate alla data in cui avviene il trasferimento dei rischi e dei benefici connessi ai beni acquisiti e sono iscritte al minor valore tra il costo di acquisto, comprensivo di tutti i costi e oneri accessori di diretta imputazione e dei costi indiretti inerenti alla produzione interna, ed il presumibile valore di realizzo desumibile dall'andamento del mercato.

La valorizzazione è avvenuta con il metodo del 'costo medio ponderato'.

Crediti

I crediti sono classificati nell'attivo immobilizzato ovvero nell'attivo circolante sulla base della destinazione / origine degli stessi rispetto all'attività ordinaria, e sono iscritti al valore di presunto realizzo..Non al costo ammortizzato, avvalendosi della facoltà prevista per la redazione dei bilanci abbreviati.

I crediti, indipendentemente dall'applicazione o meno del costo ammortizzato, sono rappresentati in bilancio al netto dell'iscrizione di un fondo svalutazione.

Crediti tributari

La voce 'Crediti tributari' accoglie gli importi certi e determinati derivanti da crediti per i quali sia sorto un diritto di realizzo tramite rimborso o in compensazione.

Disponibilità liquide

Le disponibilità liquide sono esposte al loro valore nominale.

Ratei e risconti

I ratei e i risconti sono stati iscritti sulla base del principio della competenza economico temporale e contengono i ricavi / costi di competenza dell'esercizio ed esigibili in esercizi successivi e i ricavi / costi sostenuti entro la chiusura dell'esercizio, ma di competenza di esercizi successivi.

Fondi per rischi ed oneri

I fondi per rischi rappresentano le passività connesse a situazioni esistenti alla data di bilancio, ma il cui verificarsi è solo probabile.

I fondi per oneri rappresentano passività certe, correlate a componenti negativi di reddito di competenza dell'esercizio, ma che avranno manifestazione numeraria nell'esercizio successivo.

Il processo di stima è operato e/o adeguato alla data di chiusura del bilancio sulla base dell'esperienza passata e di ogni elemento utile a disposizione.

Fondi per imposte, anche differite

Accoglie le passività per imposte probabili, derivanti da accertamenti non definitivi e contenziosi in corso, e le passività per imposte differite determinate in base alle differenze temporanee imponibili, applicando l'aliquota stimata in vigore al momento in cui si ritiene tali differenze si riverseranno.

Trattamento di fine rapporto di lavoro subordinato

Il trattamento di fine rapporto di lavoro subordinato è iscritto nel rispetto di quanto previsto dalla normativa vigente e corrisponde all'effettivo impegno della Società nei confronti dei singoli dipendenti alla data di chiusura del bilancio, dedotte le anticipazioni corrisposte.

Debiti

I debiti sono stati rilevati al valore nominale avvalendosi della facoltà prevista per la redazione dei bilanci abbreviati.

La suddivisione degli importi esigibili entro e oltre l'esercizio è effettuata con riferimento alla scadenza contrattuale o legale, tenendo anche conto di fatti ed eventi che possono determinare una modifica della scadenza originaria.

I debiti originati da acquisizioni di beni sono iscritti al momento in cui sono trasferiti i rischi, gli oneri e i benefici; quelli relativi ai servizi sono rilevati al momento di effettuazione della prestazione; quelli finanziari e di altra natura al momento in cui scaturisce l'obbligazione verso la controparte.

I debiti tributari accolgono le passività per imposte certe e determinate, nonché le ritenute operate quale sostituto, e non ancora versate alla data del bilancio, e, ove la compensazione è ammessa, sono iscritti al netto di acconti, ritenute d'acconto e crediti d'imposta.

Valori in valuta

Le attività e le passività monetarie in valuta sono iscritte al tasso di cambio a pronti alla data di chiusura dell'esercizio, con imputazione a conto economico dei relativi utili e perdite su cambi.

Costi e ricavi

Sono esposti secondo il principio della prudenza e della competenza economica.

Le transazioni economiche e finanziarie con società del gruppo e con controparti correlate sono effettuate a normali condizioni di mercato.

Nota integrativa, attivo

INFORMAZIONI SULLO STATO PATRIMONIALE ATTIVO

Immobilizzazioni

IMMOBILIZZAZIONI

Immobilizzazioni immateriali

Immobilizzazioni immateriali

Le immobilizzazioni immateriali sono pari a € 5.483 (€ 10.973 nel precedente esercizio).

Movimenti delle immobilizzazioni immateriali

La composizione ed i movimenti delle singole voci sono così rappresentati:

	Costi di impianto e di ampliamento	Costi di sviluppo	Diritti di brevetto industriale e diritti di utilizzazione delle opere dell'ingegno	Concessioni, licenze, marchi e diritti simili	Avviamento	Immobilizzazioni immateriali in corso e acconti	Altre immobilizzazioni immateriali	Totale immobilizzazioni immateriali
Valore di inizio esercizio								
Valore di bilancio	0	0	0	0	0	0	10.973	10.973
Variazioni nell'esercizio								
Ammortamento dell'esercizio	0	0	0	0	0	0	5.489	5.489
Altre variazioni	0	0	0	0	0	0	(1)	(1)
Totale variazioni	0	0	0	0	0	0	(5.490)	(5.490)
Valore di fine esercizio								
Costo	0	0	0	100.000	0	0	32.109	132.109
Ammortamenti (Fondo ammortamento)	0	0	0	100.000	0	0	26.626	126.626
Valore di bilancio	0	0	0	0	0	0	5.483	5.483

Immobilizzazioni materiali

Immobilizzazioni materiali

Le immobilizzazioni materiali sono pari a € 766.105 (€ 1.022.982 nel precedente esercizio).

Movimenti delle immobilizzazioni materiali

La composizione ed i movimenti delle singole voci sono così rappresentati:

	Terreni e fabbricati	Impianti e macchinario	Attrezzature industriali e commerciali	Altre immobilizzazioni materiali	Immobilizzazioni materiali in corso e acconti	Totale Immobilizzazioni materiali
Valore di inizio esercizio						
Valore di bilancio	0	1.007.102	0	15.880	0	1.022.982
Variazioni nell'esercizio						
Incrementi per acquisizioni	0	2.650	0	9.909	0	12.559
Decrementi per alienazioni e dismissioni (del valore di bilancio)	0	83.861	0	0	0	83.861
Ammortamento dell'esercizio	0	243.390	0	5.021	0	248.411
Altre variazioni	0	62.836	0	0	0	62.836
Totale variazioni	0	(261.765)	0	4.888	0	(256.877)
Valore di fine esercizio						
Costo	0	2.353.521	250	78.040	0	2.431.811
Ammortamenti (Fondo ammortamento)	0	1.608.184	250	57.272	0	1.665.706
Valore di bilancio	0	745.337	0	20.768	0	766.105

Operazioni di locazione finanziaria

Operazioni di locazione finanziaria

Qui di seguito vengono riportate le informazioni concernenti le operazioni di locazione finanziaria, ai sensi dell'art. 2427, comma 1 numero 22 del codice civile

Si precisa che al 31/12/2022 tutti i beni sono stati riscattati e non vi sono contratti in corso.

Attivo circolante

ATTIVO CIRCOLANTE

Rimanenze

Rimanenze

La composizione ed i movimenti delle singole voci sono così rappresentati:

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio
Prodotti finiti e merci	3.891.608	(525.303)	3.366.305
Totale rimanenze	3.891.608	(525.303)	3.366.305

Crediti iscritti nell'attivo circolante

Crediti

I crediti compresi nell'attivo circolante sono pari a € 3.310.652 (€ 2.498.767 nel precedente esercizio).

La composizione è così rappresentata:

--	--	--	--	--	--

	Esigibili entro l'esercizio successivo	Esigibili oltre l'esercizio	Valore nominale totale	(Fondi rischi /svalutazioni)	Valore netto
Verso clienti	3.310.580	0	3.310.580	44.730	3.265.850
Verso imprese sottoposte al controllo delle controllanti	34.117	0	34.117	0	34.117
Crediti tributari	4.464	0	4.464		4.464
Verso altri	6.221	0	6.221	0	6.221
Totale	3.355.382	0	3.355.382	44.730	3.310.652

Variazioni e scadenza dei crediti iscritti nell'attivo circolante

Crediti - Distinzione per scadenza

Vengono di seguito riportati i dati relativi alla suddivisione dei crediti per scadenza, ai sensi dell'art. 2427, comma 1 numero 6 del codice civile:

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio	Quota scadente entro l'esercizio	Quota scadente oltre l'esercizio	Di cui di durata residua superiore a 5 anni
Crediti verso clienti iscritti nell'attivo circolante	2.407.010	858.840	3.265.850	3.265.850	0	0
Crediti verso imprese sottoposte al controllo delle controllanti iscritti nell'attivo circolante	0	34.117	34.117	34.117	0	0
Crediti tributari iscritti nell'attivo circolante	87.401	(82.937)	4.464	4.464	0	0
Crediti verso altri iscritti nell'attivo circolante	4.356	1.865	6.221	6.221	0	0
Totale crediti iscritti nell'attivo circolante	2.498.767	811.885	3.310.652	3.310.652	0	0

Disponibilità liquide

Disponibilità liquide

Le disponibilità liquide comprese nell'attivo circolante sono pari a € 278.728 (€ 513.840 nel precedente esercizio).

La composizione ed i movimenti delle singole voci sono così rappresentati:

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio
Depositi bancari e postali	513.482	(234.934)	278.548
Denaro e altri valori in cassa	358	(178)	180
Totale disponibilità liquide	513.840	(235.112)	278.728

Ratei e risconti attivi

RATEI E RISCONTI ATTIVI

La composizione ed i movimenti delle singole voci sono così rappresentati:

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio
Risconti attivi	42.771	4.269	47.040
Totale ratei e risconti attivi	42.771	4.269	47.040

Composizione dei risconti attivi:

	Descrizione	Importo
	Noleggi o leasing	12.618
	Assicurazioni	7.645
	Spese sw e hw	6.052
	Spese per gare	17.372
	Consulenze AIC	1.500
	Vari	1.853
Totale		47.040

Nota integrativa, passivo e patrimonio netto

INFORMAZIONI SULLO STATO PATRIMONIALE PASSIVO E PATRIMONIO NETTO

Patrimonio netto

PATRIMONIO NETTO

Il patrimonio netto esistente alla chiusura dell'esercizio è pari a € 2.143.944 (€ 2.599.218 nel precedente esercizio).

Variazioni nelle voci di patrimonio netto

Nei prospetti riportati di seguito viene evidenziata la movimentazione subita durante l'esercizio dalle singole poste che compongono il Patrimonio Netto:

	Valore di inizio esercizio	Destinazione del risultato dell'esercizio precedente		Altre variazioni			Risultato d'esercizio	Valore di fine esercizio
		Attribuzione di dividendi	Altre destinazioni	Incrementi	Decrementi	Riclassifiche		
Capitale	2.500.000	0	0	0	0	0		2.500.000
Riserva da sovrapprezzo delle azioni	0	-	-	-	-	-		0
Riserve di rivalutazione	0	-	-	-	-	-		0
Riserva legale	0	-	-	-	-	-		0
Riserve statutarie	0	-	-	-	-	-		0
Altre riserve								
Versamenti in conto capitale	464.753	0	0	0	365.538	0		99.215
Versamenti a copertura perdite	-	-	-	-	-	-		0
Varie altre riserve	2	0	0	0	0	(4)		(2)
Totale altre riserve	464.755	0	0	0	365.538	(4)		99.213
Riserva per operazioni di copertura dei flussi finanziari attesi	0	-	-	-	-	-		0
Utili (perdite) portati a nuovo	0	-	-	-	-	-		0
Utile (perdita) dell'esercizio	(365.537)	0	365.537	0	0	0	(455.269)	(455.269)
Perdita ripianata nell'esercizio	0	-	-	-	-	-		0
Riserva negativa per azioni proprie in portafoglio	0	-	-	-	-	-		0
Totale patrimonio netto	2.599.218	0	365.537	0	365.538	(4)	(455.269)	2.143.944

Disponibilità e utilizzo del patrimonio netto

Disponibilità ed utilizzo delle voci di patrimonio netto

Le informazioni richieste dall'articolo 2427, comma 1 numero 7-bis del codice civile relativamente alla specificazione delle voci del patrimonio netto con riferimento alla loro origine, possibilità di utilizzazione e distribuibilità, nonché alla loro avvenuta utilizzazione nei precedenti esercizi, sono desumibili dai prospetti sottostanti:

	Importo	Origine / natura	Possibilità di utilizzazione	Quota disponibile
Capitale	2.500.000	CAPITALE		0
Riserva da sovrapprezzo delle azioni	0	CAPITALE	A,B,C	0
Riserve di rivalutazione	0			-
Riserva legale	0			-
Riserve statutarie	0			-
Altre riserve				
Versamenti in conto capitale	99.215	CAPITALE	A,B	99.215
Versamenti a copertura perdite	0	CAPITALE	A,B,C	0
Varie altre riserve	(2)			0
Totale altre riserve	99.213			99.215
Riserva per operazioni di copertura dei flussi finanziari attesi	0			-
Riserva negativa per azioni proprie in portafoglio	0			-
Totale	2.599.213			99.215
Quota non distribuibile				99.215

Legenda: A: per aumento di capitale B: per copertura perdite C: per distribuzione ai soci D: per altri vincoli statuari E: altro

Trattamento di fine rapporto di lavoro subordinato

TFR

La composizione ed i movimenti delle singole voci sono così rappresentati:

	Trattamento di fine rapporto di lavoro subordinato
Valore di inizio esercizio	74.412
Variazioni nell'esercizio	
Accantonamento nell'esercizio	21.560
Altre variazioni	(1.261)
Totale variazioni	20.299
Valore di fine esercizio	94.711

Debiti

DEBITI

I debiti sono iscritti nelle passività per complessivi € 5.484.480 (€ 5.243.405 nel precedente esercizio).

La composizione delle singole voci è così rappresentata:

	Valore di inizio esercizio	Variazioni nell'esercizio	Valore di fine esercizio
Debiti verso banche	2.040	-235	1.805
Debiti verso fornitori	1.817.080	285.143	2.102.223
Debiti verso controllanti	4.498	-4.498	0
Debiti verso imprese sottoposte al controllo delle controllanti	3.249.889	-191.149	3.058.740

Debiti tributari	37.118	7.221	44.339
Debiti vs.istituti di previdenza e sicurezza sociale	41.722	7.909	49.631
Altri debiti	91.058	136.684	227.742
Totale	5.243.405	241.075	5.484.480

Variazioni e scadenza dei debiti

Debiti - Distinzione per scadenza

Qui di seguito vengono riportati i dati relativi alla suddivisione dei debiti per scadenza, ai sensi dell'art. 2427, comma 1 numero 6 del codice civile:

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio	Quota scadente entro l'esercizio	Quota scadente oltre l'esercizio	Di cui di durata residua superiore a 5 anni
Debiti verso banche	2.040	(235)	1.805	1.805	0	0
Debiti verso fornitori	1.817.080	285.143	746.243	746.243	0	0
Debiti verso controllanti	4.498	(4.498)	0	0	0	0
Debiti verso imprese sottoposte al controllo delle controllanti	3.249.889	(191.149)	4.414.720	4.414.720	0	0
Debiti tributari	37.118	7.221	44.339	44.339	0	0
Debiti verso istituti di previdenza e di sicurezza sociale	41.722	7.909	49.631	49.631	0	0
Altri debiti	91.058	136.684	227.742	227.742	0	0
Totale debiti	5.243.405	241.075	5.484.480	5.484.480	0	0

Debiti assistiti da garanzie reali su beni sociali

Debiti assistiti da garanzie reali su beni sociali

Ai sensi dell'art. 2427, punto 6 del Codice Civile, si precisa che non ci sono debiti assistiti da garanzie reali su beni sociali.

Debiti relativi ad operazioni con obbligo di retrocessione a termine

Debiti - Operazioni con retrocessione a termine

Ai sensi dell'art. 2427, punto 6-ter del Codice Civile, si precisa che non si sono debiti legati ad operazioni con retrocessione a termine.

Finanziamenti effettuati da soci della società

Finanziamenti effettuati dai soci

Ai sensi dell'art. 2427, punto 19-bis del Codice Civile, si precisa che non vi sono finanziamenti in corso. C'è invece un finanziamento derivante da una società del gruppo di 3 milioni di euro, fruttifero di interessi, classificato tra di "debiti v/controlate da controllanti".

Ratei e risconti passivi

RATEI E RISCONTI PASSIVI

I ratei e risconti passivi sono iscritti nelle passività per complessivi € 51.178 (€ 63.906 nel precedente esercizio).

La composizione ed i movimenti delle singole voci sono così rappresentati:

	Valore di inizio esercizio	Variazione nell'esercizio	Valore di fine esercizio
Ratei passivi	2.451	(2.451)	0
Risconti passivi	61.455	(10.277)	51.178
Totale ratei e risconti passivi	63.906	(12.728)	51.178

Composizione dei ratei passivi:

	Descrizione	Importo
	Noleggio vaporizzatori	0

Composizione dei risconti passivi:

	Descrizione	Importo
	Contributi c/impianto	51.177
Totale		51.177

Nota integrativa, conto economico

INFORMAZIONI SUL CONTO ECONOMICO

Valore della produzione

VALORE DELLA PRODUZIONE

Suddivisione dei ricavi delle vendite e delle prestazioni per categoria di attività

In relazione a quanto disposto dall'art. 2427, comma 1 numero 10 del codice civile, si riporta quanto segue

Suddivisione dei ricavi delle vendite e delle prestazioni per area geografica

Area geografica	Valore esercizio corrente
Italia	12.003.998
Estero	55.106
Totale	12.059.104

Importo e natura dei singoli elementi di ricavo/costo di entità o incidenza eccezionali

Ricavi di entità o incidenza eccezionali

In relazione a quanto disposto dall'art. 2427, comma 1 numero 13 del codice civile, non ci sono informazioni da fornire.

Costi di entità o incidenza eccezionali

In relazione a quanto disposto dall'art. 2427, comma 1 numero 13 del codice civile, non ci sono informazioni da fornire.

Nota integrativa, altre informazioni

ALTRE INFORMAZIONI

Dati sull'occupazione

Dati sull'occupazione

Vengono di seguito riportate le informazioni concernenti il personale, ai sensi dell'art. 2427, comma 1 numero 15 del codice civile:

	Numero medio
Altri dipendenti	12
Totale Dipendenti	12

Compensi, anticipazioni e crediti concessi ad amministratori e sindaci e impegni assunti per loro conto

Compensi agli organi sociali

Vengono di seguito riportate le informazioni concernenti i compensi, ai sensi dell'art. 2427, comma 1 numero 16 del codice civile,:

	Sindaci
Compensi	24.654

Compensi al revisore legale o società di revisione

Compensi al revisore legale ovvero alla società di revisione

Ai sensi dell'art. 2427 comma 1 numero 16 bis del codice civile, si precisa che l'attività di revisione legale è svolta dal collegio sindacale ed il relativo compenso risulta compreso nel paragrafo precedente.

Impegni, garanzie e passività potenziali non risultanti dallo stato patrimoniale

Impegni, garanzie e passività potenziali non risultanti dallo stato patrimoniale

In relazione a quanto disposto dall'art. 2427, comma 1 numero 9 del codice civile, non vi sono informazioni da fornire.

Informazioni sulle operazioni con parti correlate

Operazioni con parti correlate

Con riferimento alle operazioni realizzate con parti correlate, ai sensi dell'art. 2427, comma 1 numero 22-bis del codice civile, si rimanda alla relazione sulla gestione anche per quanto riguarda per le informazioni richieste dall'art. 2497 bis del Codice civile.

Informazioni sugli accordi non risultanti dallo stato patrimoniale

Accordi non risultanti dallo stato patrimoniale

Con riferimento alle informazioni concernenti la natura e l'obiettivo economico degli accordi non risultanti dallo stato patrimoniale, ai sensi dell'art. 2427, comma 1 numero 22-ter del codice civile, si precisa che non ci sono informazioni da riportare.

Informazioni sui fatti di rilievo avvenuti dopo la chiusura dell'esercizio

Fatti di rilievo avvenuti dopo la chiusura dell'esercizio

Ai sensi dell'art. 2427, comma 1 numero 22-quater del codice civile, si precisa che non ci sono informazioni da fornire.

Imprese che redigono il bilancio dell'insieme più grande/più piccolo di imprese di cui si fa parte in quanto controllata

Nome e sede legale delle imprese che redigono il bilancio consolidato dell'insieme più grande/più piccolo di imprese di cui si fa parte

Il seguente prospetto riporta le informazioni richieste dall'articolo 2427, comma 1 numero 22 quinquies e 22 sexies del codice civile:

	Insieme più grande
Nome dell'impresa	Piramal Enterprises Limited
Città (se in Italia) o stato estero	Mumbai

Prospetto riepilogativo del bilancio della società che esercita l'attività di direzione e coordinamento

Informazioni sulle società o enti che esercitano attività di direzione e coordinamento - art. 2497 bis del Codice Civile

La società è soggetta a direzione o coordinamento da parte di Piramal Dutch Holding NV (Paesi Bassi).

Vengono di seguito esposti i dati essenziali dell'ultimo bilancio disponibile della società che esercita l'attività di direzione e coordinamento (i valori sono espressi in Euro)

Prospetto riepilogativo dello stato patrimoniale della società che esercita l'attività di direzione e coordinamento

Ultimo esercizio

Esercizio precedente

Data dell'ultimo bilancio approvato	31/12/2021	31/12/2020
A) Crediti verso soci per versamenti ancora dovuti	0	0
B) Immobilizzazioni	405.600.281	402.971.555
C) Attivo circolante	23.754.898	15.933.388
D) Ratei e risconti attivi	0	0
Totale attivo	429.355.179	418.904.943
A) Patrimonio netto		
Capitale sociale	226.657.922	226.657.922
Riserve	46.027.632	50.807.440
Utile (perdita) dell'esercizio	(8.221.525)	(4.779.808)
Totale patrimonio netto	264.464.029	272.685.554
B) Fondi per rischi e oneri	0	0
C) Trattamento di fine rapporto di lavoro subordinato	0	0
D) Debiti	164.891.150	145.119.389
E) Ratei e risconti passivi	0	0
Totale passivo	429.355.179	417.804.943

Prospetto riepilogativo del conto economico della società che esercita l'attività di direzione e coordinamento

	Ultimo esercizio	Esercizio precedente
Data dell'ultimo bilancio approvato	31/12/2021	31/12/2020
A) Valore della produzione	0	60.000
B) Costi della produzione	1.263.377	929.754
C) Proventi e oneri finanziari	(6.958.148)	(3.910.054)
D) Rettifiche di valore di attività finanziarie	0	0
Imposte sul reddito dell'esercizio	0	0
Utile (perdita) dell'esercizio	(8.221.525)	(4.779.808)

Informazioni ex art. 1, comma 125, della legge 4 agosto 2017 n. 124

Informazioni ex art. 1 comma 125, della Legge 4 agosto 2017 n. 124

Con riferimento all'art. 1 comma 125 della Legge 124/2017, si precisa che la società ha ricevuto i seguenti contributi.

soggetto erogante	valore contributo	stato pratica	data	rif normativo
stato	10.277	ottenuto	utilizzabile in compensazione	Nuovi investimenti Legge n.178/2020

Proposta di destinazione degli utili o di copertura delle perdite

Destinazione del risultato d'esercizio

Ai sensi dell'art. 2427, comma 1 numero 22-septies del codice civile, si propone la copertura della perdita maturata mediante utilizzo della Riserva disponibile e riporto a nuovo della parte residua di Euro 356.056. Si precisa che essendo il patrimonio netto (euro 2.143.944) non inferiore ad 1/3 del capitale sociale non è applicabile quanto disposto dagli art. 2447/2448 del codice civile.

Nota integrativa, parte finale

L'Organo Amministrativo

DE YOUNG PETER

DocuSigned by:

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Dichiarazione di conformità del bilancio

Dichiarazione di conformità

Il sottoscritto Stefano Michelazzi, ai sensi dell'art.31 comma 2 quinquies della Legge 340/2000, dichiara che il presente documento è conforme all'originale depositato presso la società

PIRAMAL CRITICAL CARE ITALIA S.P.A.

Statutory Auditors Report to the General Meeting of the Shareholders

Dati Anagrafici	
Company site	SAN GIOVANNI LUPATOTO
Fiscal Code	03981260239
Registration number	VERONA381692
Vat Number	03981260239
Share capital Euro	2.500.000,00 i.v.
Legal form	SOCIETA' PER AZIONI CON SOCIO UNICO
Activity Code (ATECO)	464610
Company being wound up	no
Company with a single shareholder	si
Company subject to the management and coordination of others	si
Name of the company or entity that exercises management and coordination	PIRAMAL DUTCH HOLDINGS NV
Belonging to a group	si
Name of the controlling entity	PIRAMAL DUTCH HOLDINGS N.V.
Country of the controlling entity	AMSTERDAM
Cooperative company Registration number	

All amounts are expressed in units of Euro

**UNIFIED REPORT OF THE BOARD OF STATUTORY AUDITORS
TO THE SHAREHOLDERS' MEETING**

To the shareholders' meeting of

PIRAMAL CRITICAL CARE ITALIA SPA

Preliminary remarks

During the Financial year close at the 31st December 2022, the Board of Auditors has carried out both the duties provided for the articles 2403 and following of Civil Code and those provided for the article 2409-bis of Civil Code.

This relation contains in the section A), the "Audit relation in accordance with the article 14 of the Legislative decree of 27th January 2010 number 39" and, in the section B), the "Report on Supervisory Activity under Section 2429, paragraph 2, Civil Code".

A) Audit independent relation in accordance with the article 14 of Lgs Decree n. 39/2010

Report on the audit of the financial statements

Opinion

We have audited the accompanying Financial Statements of PIRAMAL CRITICAL CARE ITALIA SPA, which comprise the balance sheet as at December 31/12/2022, the profit and loss statement, the cash flow statement at the same date and of the notes to the financial statements.

In our opinion, the Financial Statements of PIRAMAL CRITICAL CARE ITALIA SPA for the year ended at 31/12/2022 show a true and fair view of the balance sheet and financial situation, the economic result and cash flow at the same date, in accordance with Italian law regarding the drawing up criteria.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Isa Italy). Our responsibility under those standards are further described in paragraph *Responsibility of Auditors for audit of Financial Statement* of this document. We are independent of the company in accordance to the rules and principles on ethics and independence applicable to Italian law on audit of Financial Statement.

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

Management and Auditors Responsibility for the Financial Statements

The Board of Directors are responsible for the preparation of the Financial statements that have to show a true and fair view in accordance with Italian law regarding the drawing up criteria and, in the terms established by law, for that part of internal control from the same considered necessary to allow the drawing up of a Financial Statement without significant mistakes due to frauds or behaviors or not intentional events.

The Board of Directors are responsible for assessing the company's ability to continue as an operating entity and, in drafting the Financial Statements, for the appropriateness of the use of the going concern assumption, as well as for adequate disclosure in matter. The Board of Directors use the assumption of going concern in the preparation of the Financial Statements unless they have assessed that the conditions exist for the liquidation of the Company and for the interruption of the activity or have no realistic alternatives to such choices.

The Auditors are responsible for supervising, within the terms established by law, the process of preparing the company's financial information.

Auditor's Responsibility for the audit of Financial Statement

Our targets are the acquisition of a reasonable certainty that the Financial statements as a whole do not contain significant mistakes, due to fraud or unintentional behavior or events, and the issuance of an audit report that includes our judgment. Reasonable security means a high level of security which, however, does not provide the assurance that the audit carried out in accordance with international auditing standards (ISA Italia) always identifies a significant error, if exist. Errors can result from fraud or unintentional behavior or events and are considered significant if it can reasonably be expected that they individually or as a whole are able to influence the economic decisions made by the users on the basis of the Financial statements.

As part of the audit carried out in compliance with ISA Italy's international auditing standards, we have exercised professional judgment and have maintained professional skepticism for the entire duration of the audit. Moreover:

- we have identified and assessed the risks of significant errors in the financial statements, due to fraud or unintentional behavior or events; we have defined and carried out audit procedures in response to these risks; we have acquired sufficient appropriate audit evidence on which to base our judgment. The risk of not detecting a significant error due to fraud is higher than the risk of not identifying a significant error resulting from unintentional behavior or events, since fraud can imply the existence of collusion, falsifications, intentional omissions, misleading representations or forcing internal control;

- we have acquired an understanding of the internal control that is relevant to the audit in order to define appropriate audit procedures in the circumstances and not to express an opinion on the effectiveness of the company's internal control;
- we assessed the appropriateness of the accounting principles used and the reasonableness of accounting estimates made by the directors, including the related disclosure;
- we have reached a conclusion on the appropriateness of the use by the directors of the going concern assumption and, based on the audit evidence obtained, on the possible existence of a significant uncertainty regarding events or circumstances that can give rise to significant doubts about the capacity of the company to continue to operate as a functioning entity. In the presence of significant uncertainty, we are required to draw attention to the relevant financial report in the audit report, or, if this information is inadequate, to reflect this fact in formulating our opinion. Our conclusions are based on the audit evidence obtained up to the date of this report. However, subsequent events or circumstances may result in the company ceasing to operate as an operating entity;
- we assessed the presentation, structure and content of the financial statements as a whole, including information, and whether the financial statements represent the underlying transactions and events in order to provide a correct representation;
- we have communicated to the managers of the governance activities, identified at an appropriate level as requested by the ISAs Italy, among other aspects, the scope and timing planned for the audit and the significant results that emerged, including any significant deficiencies in internal control identified in the course of the audit.

Report on other legal and regulatory provisions

The directors of the company are responsible for the preparation of the management report as at 31 December 2022, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures indicated in the ISA Italia auditing standard no. 720B in order to express an opinion on the consistency of the management report with the company's financial statements and on its compliance with the law, as well as to issue a statement on any significant errors.

In our opinion, the management report is consistent with the company's financial statements and has been drawn up in compliance with the law.

With reference to the declaration pursuant to art. 14, paragraph 2, lett. e), of Legislative Decree 27 January 2010, n. 39, issued on the basis of the knowledge and understanding of the company and its context acquired during the audit activity, we have nothing to report.

B) Report on Supervisory Activity under Article 2429, 2nd Par., of the Civil Code

During the financial year ended December 31, 2022, our activity was inspired by the provisions of the law and the Rules of conduct of the board of statutory auditors issued by the National Council of Accountants and Accounting Experts, in respect of which we carried out the self-assessment, with a positive outcome, for each member of the board of statutory auditors.

B1) Supervisory activity under article 2403 and subsequent of the Civil code

We monitored compliance with the law and the articles of association and compliance with the principles of correct administration.

We attended the shareholders' meetings and the meetings of the board of directors, in relation to which, on the basis of the information available, we did not find any violations of the law and the articles of association, nor operations that were manifestly imprudent, risky, in potential conflict of interest or such compromising the integrity of the corporate assets.

During the meetings held, we have acquired from the managers of the company information on the general performance of the company and on its foreseeable evolution, as well as on the most significant transactions, due to their size or characteristics, carried out by the company and its subsidiaries and, based on information acquired, we have no particular observations to report.

We have acquired knowledge and supervised, to the extent of our competence, the adequacy and functioning of the company's organizational structure, also by collecting information from the heads of the departments and in this regard we have no particular observations to report.

We have acquired knowledge and supervised, as far as our responsibility is concerned, the adequacy and functioning of the administrative-accounting system, as well as the reliability of the latter to correctly represent the management facts, by obtaining information from the department managers and examination of company documents, and in this regard, we have no particular observations to report.

No complaints were received from the shareholders pursuant to art. 2408 c.c.

During the year no statutory opinions were issued by the board of statutory auditors.

During the supervisory activity, as described above, no other significant facts emerged such as to require mention in this report.

B2) Comments regarding the financial statements

To the best of our knowledge, the directors, in drafting the financial statements, have not derogated from the legal provisions pursuant to art. 2423, paragraph 5, of the Italian Civil Code

We have found the response of the financial statements to the facts and information that we know to the performance of our duties, and we have not comments in this regard.

Assets and Liabilities are summarised below.

BALANCE SHEET		AMOUNT
Amounts due to stockholders	€	0
Fixed assets	€	771.588
Current assets	€	6.955.685
Accrued income and prepaid expenses	€	47.040
Total Assets	€	7.774.313
Stockholders' equity	€	2.143.944
Reserve for risks and charges	€	0
Reserve for employee termination indemnities	€	94.711
Payables	€	5.484.480
Accrued expenses and deferred income	€	51.178
Total Liabilities	€	7.774.313

The statement of income can be summarised as follows:

PROFIT AND LOSS ACCOUNT		AMOUNT
Value of production	€	12.192.805
Production costs	€	12.613.040
Difference	€	-420.235
Financial income and expenses	€	-35.034
Adjustment of financial assets	€	0
Income taxes	€	0
Net profits (loss) for the year	€	-455.269

The results of the statutory audit of our financial statements are contained in section A) of this report.

B3) Comments and proposals regarding the approval of the financial statements

Considering the results of the activity we carried out, the board proposes to the assembly to approve the financial statements for the year ended December 31, 2022, as prepared by the directors.

The board agrees with the proposal for the allocation of the operating result made by the directors in the explanatory notes.

Verona, 27th March 2023

The Board of Statutory Auditors

Dalla Valle Mauro

Martinelli Renato

Bonamini Diego

PIRAMAL CRITICAL CARE ITALIA S.P.A.

Financial statements to 31/12/2022

Name and id code	
Company site	SAN GIOVANNI LUPATOTO
Fiscal code	03981260239
Registration number	VERONA 381692
Vat number	03981260239
Share capital euro	2.500.000,00 i.v.
Legal form	SOCIETA' PER AZIONI CON SOCIO UNICO
Activity Code (ATECO)	464610
Company being wound up	no
Company with a single shareholder	si
Company subject to the management and coordination of others	si
Name of the company or entity that excercises management and coordination	PIRAMAL DUTCH HOLDINGS NV
Belonging to a group	sì
Name of the controlling entity	PIRAMAL DUTCH HOLDINGS N.V.
Country of the controlling entity	AMSTERDAM
Cooperative company Registration number	

All amounts are expressed in units of Euro

Financial Statements at 31/12/2022

Balance sheet (mandatory scheme)

Assets	31/12/2022	31/12/2021
A) RECEIVABLES DUE FROM SHAREHOLDERS		
Total receivables due from shareholders (A)	0	0
B) FIXED ASSETS		
I - Intangible fixed assets		
7) Other	5.483	10.973
Total intangible fixed assets	5.483	10.973
II - Tangible fixed assets		
2) Plant and machinery	745.337	1.007.102
4) Other assets	20.768	15.880
Total tangible fixed assets	766.105	1.022.982
III) Financial fixed assets		
Total financial fixed assets (III)	0	0
Total fixed assets (B)	771.588	1.033.955
C) CURRENT ASSETS		
I - Inventories		
4) Finished products and goods for resale	3.366.305	3.891.608
Total inventories	3.366.305	3.891.608
II Receivables		
1) Trade accounts		
Due within the following year	3.265.850	2.407.010
Total trade accounts	3.265.850	2.407.010
5) Receivables due from companies controlled by parent companies		
Due within the following year	34.117	0
Total receivables due from companies controlled by parent companies	34.117	0
5-b) Tax receivables		
Due within the following year	4.464	87.401
Total receivables due from tax authorities	4.464	87.401
5-d) Other receivables		
Due within the following year	6.221	4.356
Total receivables due from third parties	6.221	4.356
Total receivables	3.310.652	2.498.767
III - Current financial assets		
Total financial current assets	0	0
IV - Liquid funds		
1) Bank and post office deposits	278.548	513.482
3) Cash and equivalents on hand	180	358
Total liquid funds	278.728	513.840
Total current assets (C)	6.955.685	6.904.215
D) ACCRUED INCOME AND PREPAYMENTS	47.040	42.771
TOTAL ASSETS	7.774.313	7.980.941

Balance sheet (mandatory scheme)

Liabilities and shareholders' equity	31/12/2022	31/12/2021
A) SHAREHOLDERS' EQUITY		
I - Share capital	2.500.000	2.500.000
II - Share premium reserve	0	0
III - Revaluation reserves	0	0
IV - Legal reserve	0	0
V - Statutory reserves	0	0
VI - Other reserves, indicated separately		
Contributions to capital account or to cover previous losses	99.215	464.753
Miscellaneous other reserves	-2	2
Total other reserves	99.213	464.755
VII - Reserve for hedging expected cash flow operations	0	0
VIII - Retained earnings (accumulated losses)	0	0
IX - Net profit (loss) for the year	-455.269	-365.537
Minimised loss for the year	0	0
X - Negative reserve for own portfolio shares	0	0
Total shareholders' equity	2.143.944	2.599.218
B) RESERVES FOR CONTINGENCIES AND OTHER CHARGES		
Total reserves for contingencies and other charges (B)	0	0
C) TOTAL RESERVE FOR SEVERANCE INDEMNITIES (TFR)	94.711	74.412
D) PAYABLES		
4) Due to banks		
Due within the following year	1.805	2.040
Total payables due to banks (4)	1.805	2.040
7) Trade accounts		
Due within the following year	746.243	1.817.080
Total trade accounts (7)	746.243	1.817.080
11) Due to parent companies		
Due within the following year	0	4.498
Total payables due to parent companies (11)	0	4.498
11-b) Payables due to companies controlled by parent companies		
Due within the following year	4.414.720	3.249.889
Total payables due to companies controlled by parent companies	4.414.720	3.249.889
12) Due to tax authorities		
Due within the following year	44.339	37.118
Total payables due to tax authorities (12)	44.339	37.118
13) Due to social security and welfare institutions		
Due within the following year	49.631	41.722
Total payables due to social security and welfare institutions (13)	49.631	41.722
14) Other payables		
Due within the following year	227.742	91.058
Total other payables (14)	227.742	91.058
Total payables (D)	5.484.480	5.243.405
E) ACCRUED LIABILITIES AND DEFERRED INCOME	51.178	63.906
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7.774.313	7.980.941

Income statement (value and cost of production)

	31/12/2022	31/12/2021
A) VALUE OF PRODUCTION		
1) Revenues from sales and services	12.059.104	9.556.809
5) Other income and revenues		
Other	133.701	26.046
Total other income and revenues	133.701	26.046
Total value of production	12.192.805	9.582.855
B) COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods for resale	8.487.212	8.569.276
7) Services	1.508.016	1.340.565
8) Use of third party assets	294.511	300.602
9) Personnel		
a) Wages and salaries	758.193	640.729
b) Related salaries	262.165	206.273
c) Severance	21.560	12.412
e) Other costs	54.663	45.527
Total payroll and related costs	1.096.581	904.941
10) Depreciation, amortisation and writedowns		
a) Amortisation of intangible fixed assets	5.489	105.489
b) Depreciation of tangible fixed assets	248.411	278.093
d) Write-downs of accounts included among current assets	16.539	12.226
Total Amortisation, depreciation and write-downs	270.439	395.808
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	613.913	-1.670.266
14) Other operating expenses	342.368	107.617
Total cost of production	12.613.040	9.948.543
Difference between value and cost of production (A - B)	-420.235	-365.688
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) Income other than the above		
Other	0	10
Total income other than the above	0	10
Total other financial income	0	10
17) Interest and other financial expense		
Companies controlled by parent companies	34.726	0
Other	1	9
Total interest and other financial expense	34.727	9
17-bis) Currency gains and losses	-307	150
Total financial income and expense (15 + 16 - 17 + - 17-bis)	-35.034	151
D) VALUE ADJUSTEMENTS TO FINANCIAL ASSETS AND LIABILITIES		
Total value adjustments to financial assets and liabilities (18 - 19)	0	0
PRE-TAX RESULT(A - B + - C + - D)	-455.269	-365.537
21) PROFIT (LOSS) FOR THE YEAR	-455.269	-365.537

Financial statement, indirect method		
	Current year	Previous year
A) Cash flows from current activities (indirect method)		
Profit (loss) for the year	(455.269)	(365.537)
Income tax	0	0
Payable (receivable) interest	34.727	(1)
(Dividends)	0	0
(Capital gains)/Capital losses from business conveyance	0	(4.993)
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from conveyances.	(420.542)	(370.531)
<i>Adjustments to non monetary items that were not offset in the net working capital.</i>		
Allocations to preserves	0	0
Fixed asset depreciation/amortisation	253.900	383.582
Write-downs for long-term value depreciation	0	0
Adjustments to financial assets and liabilities for derivative financial instruments that do not involve monetary transactions	0	0
Other adjustments to increase/(decrease) non-monetary items	16.539	12.226
<i>Total adjustments for non-monetary items that were not offset in the net working capital</i>	270.439	395.808
2) Cash flow before changing net working capital	(150.103)	25.277
<i>Changes to the net working capital</i>		
Decrease/(increase) in inventory	525.303	(1.670.267)
Decrease/(increase) in payables to customers	(875.379)	(676.961)
Increase/(decrease) in trade payables	(1.070.837)	1.627.262
Increase/(decrease) in prepayments and accrued income	(4.269)	(14.000)
Increase/(decrease) in accruals and deferred income	(12.728)	55.967
Other decreases/(other increases) in net working capital	(1.675.625)	1.478.255
<i>Total changes to net working capital</i>	(3.113.535)	800.256
3) Cash flow after changes to the net working capital	(3.263.638)	825.533
<i>Other adjustments</i>		
Interest received/(paid)	0	1
(Income tax paid)	0	0
Dividends received	0	0
(Use of reserves)	20.299	9.902
Other collections/(payments)	0	0
<i>Total other adjustments</i>	20.299	9.903
Cash flow from current activities (A)	(3.243.339)	835.436
B) Cash flows from investments		
<i>Tangible fixed assets</i>		
(Investments)	0	(473.582)

Disposals	8.466	0
<i>Intangible fixed assets</i>		
(Investments)	0	(100.000)
Disposals	1	0
<i>Financial fixed assets</i>		
(Investments)	0	0
Disposals	0	0
<i>Short term financial assets</i>		
(Investments)	0	0
Disposals	0	0
(Acquisition of branches of business net of liquid assets)	0	0
Transfer of branches of business net of liquid assets	0	0
Cash flows from investments (B)	8.467	(573.582)
C) Cash flows from financing activities		
<i>Loan capital</i>		
Increase/(decrease) in short term bank loans	(235)	2.004
New loans	3.000.000	0
(Loan repayments)	0	0
<i>Equity</i>		
Capital increase payments	0	1
(Capital repayments)	(5)	0
Transfer/(purchase) of own shares	0	0
(Dividends and advances on dividends paid)	0	0
Cash flows from financing activities (C)	2.999.760	2.005
Increase (decrease) in liquid assets (A ± B ± C)	(235.112)	263.859
Exchange rate effect on liquid assets	0	0
Liquid assets at the start of the year		
Bank and post office deposits	513.482	249.132
Loans	0	0
Cash and valuables in hand	358	849
Total liquid assets at the start of the year	513.840	249.981
Of which not freely available	0	0
Liquid assets at the end of the year		
Bank and post office deposits	278.548	513.482
Loans	0	0
Cash and valuables in hand	180	358
Total liquid assets at the end of the year	278.728	513.840
Of which not freely available	0	0

NOTE TO THE ACCOUNTS CLOSED AT 31/12/2022

INTRODUCTION

Then Financial Statement is draft in short form in compliance with art.2423 bis of Civil Code.

The Financial Statements as at 31/12/2022, of which this Note to the accounts is an integral part according to art. 2423, paragraph 1 of the Italian Civil Code, which correspond to the results for the book entries regularly made and which were drafted in compliance with articles 2423, 2423*b*, 2424, 2424*a*, 2425, 2425*a*, 2425*b* of the Italian Civil Code, in accordance with the accounting principles contained in art. 2423 and the valuation criteria defined as in art. 2426 of the Italian Civil Code.

DRAFTING CRITERIA

In order to prepare the financial statements clearly and to provide a truthful and correct representation of the equity and the financial situation, as well as of the economic result, the following steps were taken, in accordance with article 2423 *a* of the Civil Code:

- evaluate the single items prudently and with a view to presenting a common corporate continuity;
- include only the profits that were actually made during the financial year;
- determine the income and the costs on an accrual basis, regardless of their financial situation;
- include all the risks and the losses on an accrual basis, even if they became known after the end of the year;
- consider separately the heterogeneous elements included in the different categories of the financial statements, in order to evaluate them;
- maintain the same valuation criteria adopted in the previous financial year.

The following budgetary assumptions, as per OIC 11 para. 15, have been followed:

- a) prudence;
- b) perspective of business continuity;
- c) substantial representation;
- d) competence;
- e) constancy in the evaluation criteria;
- f) relevance;
- g) comparability.

Perspective of business continuity

With regard to this principle, the evaluation of the items included in the financial statement was carried out with a view to business continuity and, therefore, assuming that the company constitutes a functioning economic entity, likely to produce an income for at least the foreseeable future time frame (12 months from the closing date of the financial statement).

EXCEPTIONAL CASES EX ART. 2423, PARAGRAPH FIVE OF THE ITALIAN CIVIL CODE

Any extraordinary events that required the use of derogations as defined by art 2423, paragraph 5, of the Italian Civil Code.

CHANGES IN ACCOUNTING PRINCIPLES

There have been no changes in the accounting principles during the financial year.

EVALUATION CRITERIA APPLIED

The criteria applied for evaluating the items of the financial statements, reported as follows, are in compliance with the provisions of art. 2426 of the Italian Civil Code.

Evaluation criteria pursuant to art. 2426 of the Italian Civil Code are in compliance with those used in the preparation of the financial statements of the previous year.

Intangible fixed assets

Intangible fixed assets are registered, to the extent of the recoverable amount, at their historical purchase value or internal production costs, including any directly attributable ancillary charges, and they are systematically amortised at constant rates according to the residual value of using the asset.

Intangible fixed assets refer to restructuring costs of the leased offices. The amortization period is linked to the duration of the relative contract.

Tangible fixed assets

Tangible fixed assets are assessed at the date in which the transfer of risks and benefits connected to the purchased items are registered, and they are recorded, to the extent of their recoverable amount, at their historical purchase or production cost, net of their related amortisation funds, including any directly attributable ancillary costs and charges for internal indirect production costs, as well as the charges resulting from the financing of internal manufacturing incurred in the manufacturing period until the end of the useful life of the asset.

The amortisation starts from the moment the assets are available and ready for use.

Fixed assets in progress are no subject to depreciation.

The applied rates are as follows:

Specific plants and machinery: 15%

Other assets:

- fixtures and fittings: 12%
- electronic office machinery: 20%
- vehicles: 25%

Financial leasing transactions

The financial leasing transactions are recorded in accordance with the civil law in vigour and on the basis of the "equity method", according to which lease payments are recorded in the Income Statement.

If the "financial method" has been used, the depreciation of the goods acquired under lease agreements - considering their useful life- together with the interests on the remaining unpaid principal, would have been included in the Income statement instead of the lease payments. Moreover, the goods would have been recorded under the assets, and the residual debt under the liabilities.

The specific section of the explanatory notes shows the information related to the effects of the "financial method".

Inventories

Inventories are registered when the company transfers the risks and benefits associated with ownership of the goods, and are recorded at their lower value, that is either as the purchase cost, comprehensive of all directly attributable costs and ancillary charges and of indirect costs relating to internal production, or the estimated realisable value, with reference to the market value.

Receivables

Receivables are classified either as fixed or current assets on the basis of their designation / origin, with respect to their ordinary activities, and they are recorded at their estimated realisable value. Not with amortized cost

Not with amortized cost poisoning the faculty provided for the preparation of abbreviated financial statements
Receivables, regardless of whether the amortized cost is applied or not, are shown in the balance sheet net of the recognition of a bad debt provision.

Tax receivables

The item "Tax receivables" includes definite amounts arising from sure and certain receivables for which a right of realisation arose through reimbursement or compensation.

Cash and cash equivalents

Cash and cash equivalents are recorded at their nominal value.

Accruals and deferrals

Accruals and deferrals were registered on the basis of accrual economic competence and include revenues / costs accrued and payable in future years, and revenues / costs incurred in the financial year but relating to future years.

Reserves for contingencies and other charges

Reserves for contingencies represent liabilities related to conditions that existed at the date of financial statements, but whose occurrence is only probable.

Reserves for charges represent certain liabilities, related to negative components for profit made in the current year, but that will be recorded next year.

The estimation process is carried out and / or adjusted at the balance sheet date based on past experience and relevant available information.

Reserves for pensions and similar commitments

They represent the liabilities associated with the provisions for supplementary pension benefits and severance grants owed to employees, the self-employed and associates, according to the law or contract in vigour at the time of the termination of employment.

The provision for the year was determined, as an estimate, so as to allow for the progressive adjustment of the provision for the total share accrued at the end of the year.

Reserves for taxes, including deferred taxes

It includes liabilities for probable taxes, resulting from preliminary investigations and litigation in progress, and liabilities for deferred taxes calculated on the basis of taxable temporary differences, applying the rate in force at the time when these differences are believed to disappear.

Payables

Payables were recognized at nominal value making use of the option provided for the preparation of the abbreviated financial statements.

The division of amounts due within and beyond the year is carried out with reference to the contractual or statutory deadline, taking into account facts and events which can result in a change to their original maturity date.

Payables arising from acquisitions of goods are recorded at the time when the risks, costs and benefits were transferred; those relating to services are recorded at the time when the service is performed; financial and the other payables of a different nature are registered at the time when the obligation to the counterparty arises.

Tax payables include liabilities for certain and determined taxes and withholdings operating as substitutes, and not yet paid at the balance sheet date, and, where reimbursements are allowed, they are recorded net of advances, withholding taxes and tax receivables.

Currency values

Monetary assets and liabilities in foreign currencies are recorded at the exchange rate prevailing at the balance sheet date, with any gains and losses registered in the income statement.

Costs and revenues

They are presented in accordance with the principle of prudent and economic competence.

Economic and financial transactions with group companies and with related parties are carried out as in normal market conditions.

INFORMATION REGARDING THE BALANCE SHEET - ASSETS

ASSETS

Intangible fixed assets

Intangible fixed assets are equal to a € 5.483 (€ 10.973 in the previous year).

The composition and movements of the single items are as follows:

	Start-up and expansion costs	Development costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Intangible assets in process and advances	Other intangible fixed assets	Total intangible fixed assets
Year opening balance								
Balance sheet value	0	0	0	0	0	0	10.973	10.973
Changes during the year								
Depreciation/ amortisation	0	0	0	0	0	0	5.489	5.489

n for the year								
Other changes	0	0	0	0	0	0	-1	-1
Total changes	0	0	0	0	0	0	-5.490	-5.490
Year closing balance								
Cost	0	0	0	100.000	0	0	32.109	132.109
Amortisation (amortisation fund)	0	0	0	100.000	0	0	26.626	126.626
Balance sheet value	0	0	0	0	0	0	5.483	5.483

Tangible fixed assets

Tangible fixed assets are equal to € 766.105 (€ 1.022.982 in the previous year)

The composition and movements of single items are as follows:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible assets in process and advances	Total tangible fixed assets
Year opening balance						
Balance sheet value	0	1.007.102	0	15.880	0	1.022.982
Changes during the year						
Increases for purchases	0	2.650	0	9.909	0	12.559
Decreases for transfers and disposals (of the balance sheet value)	0	83.861	0	0	0	83.861
Depreciation/amortisation for the year	0	243.390	0	5.021	0	248.411
Other changes	0	62.836	0	0	0	62.836
Total changes	0	-261.765	0	4.888	0	-256.877
Year closing balance						
Cost	0	2.353.521	250	78.040	0	2.431.811
Amortisation (amortisation fund)	0	1.608.184	250	57.272	0	1.665.706
Balance sheet value	0	745.337	0	20.768	0	766.105

Financial leases

Pursuant to art. 2427, paragraph 1 number 22 of the Italian Civil Code, information regarding financial leases is provided below.

It should be noted that as of 31/12/2022 all the assets have been redeemed and there are no contracts in progress.

CURRENT ASSETS

Inventories

The inventories included in current assets amounted to € 3.366.305 (€ 3.891.608 in the previous year).

The composition and changes in the individual items are reported as follows:

	Year opening balance	Change during the year	Year closing balance
Finished products and goods for resale	3.891.608	-525.303	3.366.305
Total inventories	3.891.608	-525.303	3.366.305

Receivables

Receivables included under current assets amounted to € 3.310.652 (€ 2.498.767 in the previous year).

The composition is represented as follows:

	Due within the following year	Due beyond the following year	Total nominal value	(Risk funds/write-downs)	Net value
Due from customers	3.310.580	0	3.310.580	44.730	3.265.850
Due from companies controlled by parent companies	34.117	0	34.117	0	34.117
Tax receivables	4.464	0	4.464		4.464
Other receivables	6.221	0	6.221	0	6.221
Total	3.355.382	0	3.355.382	44.730	3.310.652

Receivables - Division according to the expiration date

Pursuant to art. 2426, paragraph 1 number 6 of the Italian Civil Code, data regarding the division of receivables according to the expiration date are hereby reported:

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months	Amount due beyond 12 months	of which beyond 5 years
Trade receivables included among current assets	2.407.010	858.840	3.265.850	3.265.850	0	0
Receivables due from companies controlled by parent companies posted to current assets	0	34.117	34.117	34.117	0	0
Tax receivables included among current assets	87.401	-82.937	4.464	4.464	0	0
Other receivables included among current assets	4.356	1.865	6.221	6.221	0	0
Total receivables included among current assets	2.498.767	811.885	3.310.652	3.310.652	0	0

Cash and cash equivalents

Cash and cash equivalents included under current assets amounted to 278.728 (€ 513.840 in the previous year).

The composition and changes in the individual items are reported as follows:

	Year opening balance	Change during the year	Year closing balance
Bank and post office deposits	513.482	-234.934	278.548
Cash and other cash in hand	358	-178	180
Total liquid funds	513.840	-235.112	278.728

PREPAID AND ACCRUED EXPENSES

Prepaid and accrued expenses amounted to € 47.040 (€ 42.771 in the previous year).

The composition and changes in the individual items are reported as follows:

	Year opening balance	Change during the year	Year closing balance
Prepayments	42.771	4.269	47.040
Total accrued income and prepaid expenses	42.771	4.269	47.040

Composition of prepaid expenses:

	Description	Amount
	Noleggi o leasing	12.618
	Assicurazioni	7.645
	Spese sw e hw	6.052
	Spese per gare	17.372
	Consulenze AIC	1.500
	Vari	1.853
Total		47.040

INFORMATION REGARDING THE BALANCE SHEET

LIABILITIES AND NET EQUITY

NET EQUITY

The existing net equity at the year end amounted to € 2.143.944 (€ 2.599.218 in the previous year).

The following tables show changes to the individual items during the financial year, which constitute the net equity and the breakdown of the 'Other reserves'.

	Year opening balance	Dividend allocations	Other destinations	Increases
Capital	2.500.000	0	0	0
Other reserves				
Contributions to capital account or to cover previous losses	464.753	0	0	0
Miscellaneous other reserves	2	0	0	0
Total other reserves	464.755	0	0	0
Profit (loss) for the year	-365.537	0	365.537	0
Total shareholders' equity	2.599.218	0	365.537	0

	Decreases	Reclassification s	Result for the year	Year closing balance
Capital	0	0		2.500.000
Other reserves				
Contributions to capital account or to cover previous losses	365.538	0		99.215
Miscellaneous other reserves	0	-4		-2
Total other reserves	365.538	-4		99.213
Profit (loss) for the year	0	0	-455.269	-455.269
Total shareholders' equity	365.538	-4	-455.269	2.143.944

Statement of availability and use of net equity's items

The information required by article 2427, paragraph 1 no. 7a of the Italian Civil Code regarding the specification of the items included as net equity with reference to their origin, possibility of use and distribution, as well as their utilisation in previous years, can be ascertained from the tables below:

	Amount	Origin/nature	Possible use	Available amount
Capital	2.500.000	CAPITALE		0
Share premium reserve	0	CAPITALE	A,B,C	0
Other reserves				
Contributions to capital account or to cover previous losses	99.215	CAPITALE	A,B	99.215
Contributions to cover losses	0	CAPITALE	A,B,C	0
Miscellaneous other reserves	-2			0
Total other reserves	99.213			99.215
Total	2.599.213			99.215
Unavailable amount				99.215
Key: A: for capital increase, B: to hedge losses, C: distribution to shareholders, D: for other article of association restraints, E: other				

EMPLOYEE SEVERANCE INDEMNITIES

Employee severance indemnities are recorded in liabilities with a total amount of € 94.711 (€ 74.412 in the previous year).

The composition and movements in the individual items are analysed as follows:

	Staff severance fund
Year opening balance	74.412
Changes during the year	
Operating accrual	21.560
Other changes	-1.261
Total changes	20.299
Year closing balance	94.711

PAYABLES

Payables are recorded as liabilities with a total amount of € 5.484.480 (€ 5.243.405 in the previous year).

The composition and the movements in the individual items are analysed as follows:

	Year opening balance	Changes during the year	Year closing balance
Payables to banks	2.040	-235	1.805

Payables to suppliers	1.817.080	285.143	2.102.223
Payables to parent companies	4.498	-4.498	0
Payables due to companies controlled by parent companies	3.249.889	-191.149	3.058.740
Tax payables	37.118	7.221	44.339
Payables due to social security and welfare institutions	41.722	7.909	49.631
Other payables	91.058	136.684	227.742
Total	5.243.405	241.075	5.484.480

Payables- Division according to their maturity

According to art. 2427, paragraph 1, number 6 of the Italian Civil Code, data regarding the division of payables according to their maturity are hereby reported:

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months	Amount due beyond 12 months	of which beyond 5 years
Payables to banks	2.040	-235	1.805	1.805	0	0
Payables to suppliers	1.817.080	285.143	2.102.223	2.102.223	0	0
Payables to parent companies	4.498	-4.498	0	0	0	0
Payables due to companies controlled by parent companies	3.249.889	-191.149	3.058.740	3.058.740	0	0
Tax payables	37.118	7.221	44.339	44.339	0	0
Payables due to social security and welfare institutions	41.722	7.909	49.631	49.631	0	0
Other payables	91.058	136.684	227.742	227.742	0	0
Total payables (D)	5.243.405	241.075	5.484.480	5.484.480	0	0

Payables secured by collateral on corporate assets

Pursuant to art. 2427, paragraph 1 number 6 of the Italian Civil Code, it is specified that there isn't information regarding collateral on corporate assets.

Payables - transactions with a repurchase agreement

According to article 2427, paragraph 1 number 6c of the Italian Civil Code, it is specified that there isn't data regarding payables deriving from transactions that provide for the obligation of reconveyance by the purchaser are hereby provided:

Loans made by shareholders

Information relating to loans made by the company's shareholders are presented below. In accordance with art. 2427, paragraph 1 number 19a of the Italian Civil Code, it is specified that there aren't loans made by shareholders. Instead, there is a loan deriving from a group company of 3 million euros, bearing interest, classified under "debts v/subsidiaries of parent companies"..

ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income are registered as liabilities with a total amount of 51.178 (€ 63.906 in the previous year).

	Year opening balance	Change during the year	Year closing balance
Accrued liabilities	2.451	-2.451	0
Deferred income	61.455	-10.277	51.178
Total accrued liabilities and deferred income	63.906	-12.728	51.178

Composition

	Description	Amount
	Noleggio vaporizzatori	0

	Description	Amount
	Contributi c/impianto	51.177
Total		51.177

INFORMATION REGARDING THE INCOME STATEMENT

PRODUCTION VALUE

According to article 2427, paragraph 1 number 10 of the Italian Civil Code, we specify as follow

	Geographic area	Current year
--	-----------------	--------------

		value
	Italia	12.003.998
	Estero	55.106
Total		12.059.104

INCOME OF EXCEPTIONAL SIZE OR INCIDENCE

Pursuant to art. 2427, paragraph 1 number 13 of the Italian Civil Code, it is specified that there aren't income of exceptional size or incidence:

COSTS OF EXCEPTIONAL SIZE OR INCIDENCE

Pursuant to art. 2427, paragraph 1 number 13 of the Italian Civil Code, it is specified that there aren't costs of exceptional size or incidence:

OTHER INFORMATION

Employment data

Information concerning the staff is hereby reported, according to art. 2427, paragraph 1 number 15 of the Italian Civil Code:

	Average number
Other employees	12
Total employees	12

Remuneration of corporate bodies

Information regarding managers and auditors is hereby reported, according to art. 2427, paragraph 1 number 16 of the Italian Civil Code:

	Auditors
Remuneration	24.654

Remuneration of the statutory auditor or of the audit firm

According to art. 2427, paragraph 1 number 16 a of the Italian Civil Code, it is specified that audit activity is carried out by the board of statutory auditors and the fee is included in previous paragraph.

Commitments, guarantees and contingent liabilities that are not recorded in the balance sheet

Pursuant to art. 2427, paragraph 1, number 9 of the Italian Civil Code, it is specified that there are no information to report.

Transactions with related parties

Concerning the transactions with related parties, pursuant to art 2427, paragraph 1 number 22a of the Italian Civil Code, please refer to the management report also regarding the information required by art. 2497 bis of the Civil Code

Agreements not disclosed in the balance sheet

Concerning the nature and the economic objective of the agreements not included in the balance sheet, in accordance with art. 2427, paragraph 1 number 22c of the Italian Civil Code, there are no information to report.

Relevant events after the reporting period

Pursuant to art. 2427, paragraph 1 number 22c of the Italian Civil Code, it is specified that there are no information to report.

Name and registered office of companies drafting the consolidated financial statements of the largest/smallest set of companies they belong to

The following table reports information required by article 2427, paragraph 1 number 22d and 22e of the Italian Civil Code:

	Larger unit
Company name	Piramal Enterprises Limited
Town (if in Italy) or foreign state	Mumbai

Information regarding companies or entities that perform management and coordination activities - art. 2497a of the Italian Civil Code

The company is subjected to management and coordination activities by the company Piramal Dutch Holding NV (Netherlands).

The essential data of the latest available financial statements of the company that carries out the activity of management and coordination (values ??are expressed in Euro)

	Last financial year	Previous year
Date of the last approved balance sheet	31/12/2021	31/12/2020
A) Receivables due from shareholders	0	0
B) Fixed assets	405.600.281	402.971.555
C) Current assets	23.754.898	15.933.388

D) Prepaid expenses and accrued income	0	0
Total assets	429.355.179	418.904.943
A) Shareholders' equity		
Share capital	226.657.922	226.657.922
Reserves	46.027.632	50.807.440
Profit (loss) for the year	-8.221.525	-4.779.808
Total shareholders' equity	264.464.029	272.685.554
B) Reserves for contingencies and other charges	0	0
C) Total reserve for severance indemnities (TFR)	0	0
D) Payables	164.891.150	145.119.389
E) Accrued expenses and deferred income	0	0
Total liabilities and shareholders' equity	429.355.179	417.804.943

	Last financial year	Previous year
Date of the last approved balance sheet	31/12/2021	31/12/2020
A) Value of production	0	60.000
B) Costs of production	1.263.377	929.754
C) Financial income and charges	-6.958.148	-3.910.054
D) Value adjustments to financial assets	0	0
Income taxes for the year	0	0
Profit (loss) for the year	-8.221.525	-4.779.808

Information pursuant to art. 1 paragraph 125, of Law n. 124 dated 4 August 2017

With reference to art. 1 paragraph 125 of Law 124/2017, grants (contributions, paid jobs, economic benefits) received from public administrations are summarised below.

landing entity	amount	status	date	law
Italian State	10.277	obtained	usable in compensation	New investments Law n 170/2020

Allocation of the economic result

Pursuant to article. 2427, paragraph 1 number 22 f of the Italian Civil Code, it is proposed to cover the loss with the available reserve and carry forward the residual part of Euro 356,056. Since the shareholders' equity (Euro 2,143,944) is not less than 1/3 of the share capital, the provisions provided by the art. 2447/2448 of the civil code are not applicable.

The Board of Directors

DE YOUNG PETER

Declaration of conformity

This is a truthful copy of the documents filed by the company.

**Annual report 2022 of
Piramal Critical Care B.V.
of Voorschoten**

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ACCOUNTANT REPORT

To the shareholders and management of
Piramal Critical Care B.V.
Rouboslaan 32
2252TR Voorschoten
The Netherlands

Leusden, April 19, 2023

Dear board,

We hereby send you the report regarding the financial statements for the year 2022 of Piramal Critical Care B.V.

1 ENGAGEMENT

In accordance with your instructions we have audited the annual account 2022 of your company, including the balance sheet with counts of € 26,687,174 and the profit and loss account with a negative result after taxes of € 4,773,278.

For the audit opinion we refer to the chapter “Other information” on page 24 of this report.

2 GENERAL

2.1 Activities

The Company has commenced business operations in 2019, with their primary business activity being trading in pharmaceutical products under Piramal's 'Critical Care' brand across Europe. The Company is in the process of acquiring necessary Market Authorisations (MAs) under various European jurisdictions for their product portfolio. It operates under the consignment sale model and distributor model in France, Czech Republic and Austria and other European countries. The company has a rich product portfolio of 12 products ranging from Inhalation Anaesthetics, Intra-vascular pain management and oral solid pain management.

During the year 2021, PCC B.V. entered into an investment agreement with BioQ Pharma Inc. for \$ 6 Million (€ 4.9 Million) in exchange for

- 1 BioQ's ongoing convertible note financing worth \$ 6 Million
- 2 Global, perpetual, irrevocable and exclusive rights to distribute and market the product 'Ropivacaine Readyfusor Gen 2'
- 3 Perpetual, irrevocable and exclusive rights to distribute and market the product 'Propofol' in USA
- 4 Right to market other products from BioQ (Propofusor, DexMed Invenious, etc.) contingent upon a subsequent investment in the new equity round.

2.2 Board

On 31 December 2022 the board of directors is formed by Peter DeYoung, Mahesh Sane, Martin Kruithof and Varun Agarwal.

2.3 Incorporation of a company

The company Piramal Critical Care B.V. was incorporated by notarial deed on November 22, 2017 at J.H. Weijenborg, Amsterdam as a private company with limited liability.

The authorized share capital amounts to € 1,000,000 (1,000,000 shares of € 1 each) of which at incorporation € 500,000 was issued and fully paid up. During 2019, additional capital of € 500,000 was issued and fully paid up.

2.4 Chamber of Commerce

The private company is registered at the Chamber of Commerce under number 70138869.

2.5 Recognition of the 2021 loss

The annual account for 2021 was adopted by the General Meeting. The loss over 2021 of € 2,533,784 has been deducted from the other reserves.

3 FISCAL POSITION

3.1 Taxable amount 2022

The taxable amount for 2022 has been calculated as follows:

	2022
	€
Result before taxes	-4,773,278

No corporate income tax is due over the taxable amount.

3.2 Tax losses available for set-off

As at December 31, 2022 the compensable losses amount to € 8,562,663. These losses can be compensated with future fiscal profits.

The losses to be settled have not been valued.

3.2.1 Offsettable losses

	Offsettable losses as of January 1, 2022	Loss in 2022	Offsettable losses as of December 31, 2022
	€	€	€
2017/2018	266,305	-	266,305
2020	989,296	-	989,296
2021	2,533,784	-	2,533,784
2022	-	4,773,278	4,773,278
	<u>3,789,385</u>	<u>4,773,278</u>	<u>8,562,663</u>

4 DIRECTORS' REPORT

Management of the Company hereby presents its directors' report for the financial year ended on 31 December 2022.

The report is available for inspection at the company's premises.

FINANCIAL STATEMENTS

1 BALANCE SHEET AS AT DECEMBER 31, 2022
(after appropriation of results)

		31 December 2022	31 December 2021
		€	€
ASSETS			
FIXED ASSETS			
Intangible fixed assets	(1)		
Concessions, permits and intellectual property rights		735,244	-
Assets under development / progress		5,802,358	4,278,322
		6,537,602	4,278,322
Financial fixed assets	(2)		
Investment		1,834,213	1,834,213
CURRENT ASSETS			
Inventories	(3)	7,572,526	5,673,767
Receivables, prepayments and accrued income	(4)		
Trade receivables		9,309,793	8,922,506
Other receivables		26,977	37,310
		9,336,770	8,959,816
Cash and cash equivalents	(5)	1,406,063	1,459,598
		<u>26,687,174</u>	<u>22,205,716</u>

		31 December 2022		31 December 2021	
		€	€	€	€
EQUITY AND LIABILITIES					
EQUITY	(6)				
Issued share capital		1,000,000		1,000,000	
Other reserves		-8,563,416		-3,789,384	
			-7,563,416		-2,789,384
NON-CURRENT LIABILITIES	(7)				
Other debt			13,596,207		14,132,500
CURRENT LIABILITIES	(8)				
Finance company debt		5,000,000		-	
Trade creditors		13,431,170		9,405,591	
Payables to other related parties		243,813		406,258	
Taxes and social securities		33,172		38,130	
Accruals and deferred income		1,946,228		1,012,621	
			20,654,383		10,862,600
		<u>26,687,174</u>		<u>22,205,716</u>	

2 PROFIT & LOSS ACCOUNT FOR THE YEAR 2022

		2022		2021	
		€	€	€	€
Net turnover	(9,10)	18,624,806		20,870,481	
Cost of sales	(11)	13,865,599		13,870,988	
Gross margin			4,759,207		6,999,493
Expenses					
Employee expenses	(12)	1,100,681		1,053,902	
Amortisation and depreciation	(13)	52,672		-	
Other operating expenses	(14)	7,076,318		7,299,655	
			8,229,671		8,353,557
Operating result			-3,470,464		-1,354,064
Financial income and expenses	(15)		-1,302,814		-1,179,720
Result before tax			-4,773,278		-2,533,784
Taxes			-		-
Result after tax			-4,773,278		-2,533,784

3 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

Going concern

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the company.

Registered office, legal form and registration number at the chamber of commerce

The registered and actual address of Piramal Critical Care B.V. is Rouboslaan 32 in Voorschoten of business and is registered at the chamber of commerce under number 70138869.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The annual accounts have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code.

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, income statement and the cash flow statement, references are made to the notes.

Income and expenses are allocated to the year to which they relate. Profits are only included insofar as they have been realized on the balance sheet date. Liabilities and possible losses that originate before the end of the reporting year are taken into account if they have become known before the preparation of the annual accounts.

ACCOUNTING PRINCIPLES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

Financial fixed assets

Investment

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

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognized immediately in profit or loss.

Receivables and deferred assets

Trade debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade debtors are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

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.

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.

Provisions and contingent liabilities

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material}. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

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.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is defined as the difference between the revenue from goods delivered and services performed on one hand and on the other hand the costs and expenses for that year, valued at historical costs.

Revenue recognition

General

Net turnover comprises the income from the supply of goods and services after deduction of discounts and such like and of taxes levied on the turnover.

Supply of goods

Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.

Supply of services

Revenues from the services rendered are recognised in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered.

Cost of sales

The cost of sales consists of the cost of goods sold and delivered, consisting of direct use of materials, direct wages and machine costs and other direct and indirect production costs that can be attributed to the production.

Gross margin

The gross operating profit and loss comprises net turnover, the changes in inventories of finished goods and work in progress, work performed by the entity and capitalised, other operating income, cost price and cost of outsourced work and other external charges.

Expenses general

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Operating costs

Costs are calculated under observance of the principles of valuation as mentioned before, and are allocated to the reported year in which they incurred. Profits are accounted for in the year of delivery of the related goods and services. Losses are posted in the year in which they become apparent.

Financial income and expenses

Interest income and interest expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Taxes

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

4 NOTES TO THE BALANCE SHEET AS OF DECEMBER 31, 2022

ASSETS

FIXED ASSETS

1. Intangible fixed assets

	Concessions, permits and intellectual property rights	Assets under development / progress	Total
	€	€	€
<i>Carrying amount as of January 1, 2022</i>			
Purchase price	-	4,278,322	4,278,322
Cumulative depreciation and impairment	-	-	-
	<u>-</u>	<u>4,278,322</u>	<u>4,278,322</u>
<i>Movement</i>			
Investments	787,916	1,524,036	2,311,952
Amortization	-52,672	-	-52,672
	<u>735,244</u>	<u>1,524,036</u>	<u>2,259,280</u>
<i>Carrying amount as of December 31, 2022</i>			
Purchase price	787,916	5,802,358	6,590,274
Cumulative depreciation and impairment	-52,672	-	-52,672
	<u>735,244</u>	<u>5,802,358</u>	<u>6,537,602</u>

During the year 2021, PCC B.V. entered into an investment agreement with BioQ Pharma Inc. for \$ 6 Million (€ 4.9 Million) in exchange for

- 1 BioQ's ongoing convertible note financing worth \$ 6 Million
- 2 Global, perpetual, irrevocable and exclusive rights to distribute and market the product 'Ropivacaine Readyfusor Gen 2'
- 3 Perpetual, irrevocable and exclusive rights to distribute and market the product 'Propofol' in USA
- 4 Right to market other products from BioQ (Propofusor, DexMed Invenious, etc.) contingent upon a subsequent investment in the new equity round.

During the year 2022, two products - Icatibant and Lenalidomide were launched. € 787,916 has been capitalised from Assets under development.

2. Financial fixed assets

	31/12/2022	31/12/2021
	€	€
Investment		
Investment - Debentures short term	733,870	733,870
Investment - Equity portion of debt	856,299	856,299
Investment - Share warrants	244,044	244,044
	<u>1,834,213</u>	<u>1,834,213</u>

CURRENT ASSETS

3. Inventories

Finished goods and goods for resale

Finished goods	9,757,703	6,842,503
Raw materials	57,068	155,131
Provision for finished goods and goods for resale	-2,242,245	-1,323,867
	<u>7,572,526</u>	<u>5,673,767</u>

4. Receivables, prepayments and accrued income

Trade receivables

Debtors	9,368,979	8,968,487
Doubtful debtor provision	-59,186	-45,981
	<u>9,309,793</u>	<u>8,922,506</u>

Out of the total trade debtors, the balance pertaining to related parties is € 4,414,139.

	31/12/2022	31/12/2021
	€	€
Other receivables		
Advance to vendor	1,724	25,479
Other receivables	22,173	8,751
Deposit	3,080	3,080
	<u>26,977</u>	<u>37,310</u>

5. Cash and cash equivalents

HSBC Bank - EUR account	1,301,586	1,239,162
HSBC Bank - GBP account	301	110
HSBC Bank - USD account	84,511	167,703
HSBC Bank - CZK account	19,665	52,623
	<u>1,406,063</u>	<u>1,459,598</u>

The company has filed tenders in Algeria for selling its goods in the territory of Algeria for which a performance guarantee for the tender period is required to be extended for an amount equivalent to approximately 1%-2% of the tender value. Tender period would be around 1 to 2 years. A bank guarantee of € 300,000 (2021 - € 112,233) has been provided by the HSBC Bank.

EQUITY AND LIABILITIES

6. EQUITY

	<u>31/12/2022</u>	<u>31/12/2021</u>
	€	€
Issued share capital		
Subscribed and paid up 1,000,000 ordinary shares at par value € 1.00	<u>1,000,000</u>	<u>1,000,000</u>

The paid-up share capital at time of incorporation of the company was Nil, as on December 31, 2018 was € 500,000 and on December 31, 2019 was € 1,000,000.

	<u>2022</u>	<u>2021</u>
	€	€
Other reserves		
Carrying amount as of January 1, 2022	-3,789,384	-1,255,600
Allocation of financial year net result	-4,773,278	-2,533,784
Miscellaneous movement	-754	-
Carrying amount as of December 31, 2022	<u>-8,563,416</u>	<u>-3,789,384</u>

7. NON-CURRENT LIABILITIES

	<u>31/12/2022</u>	<u>31/12/2021</u>
	€	€
Other debt		
Loan related party	<u>13,596,207</u>	<u>14,132,500</u>

The above loan consists of - €2.4mil borrowed from Piramal Dutch Holdings N.V. at an interest rate of 4.15% p.a., €5.5mil (\$6.5mil) borrowed from Piramal Critical Care Inc. at 6.5% p.a. and €5.6mil (\$ 6mil) borrowed from Piramal Healthcare Inc. at 2% p.a.

8. CURRENT LIABILITIES

	31/12/2022	31/12/2021
	€	€
Finance company debt		
HSBC Bank	5,000,000	-
This loan of € 5,000,000 is granted to finance working capital requirements of the company. The interest rate is based on 3M Term SOFR + 215 bps p.a payable monthly. The loan is repayable in March 2023.		
As of December 31, 2022 no loans have a residual term longer than five years.		
Trade creditors		
Creditors	120,798	338,344
Creditors related parties	13,310,372	9,067,247
	13,431,170	9,405,591
Payables to other related parties		
Interest payable related parties	243,813	406,258
Taxes and social securities		
VAT	33,172	38,130
Accruals and deferred income		
Accrued expenses	2,296,367	979,910
Other current liabilities	-350,139	32,711
	1,946,228	1,012,621

COMMITMENTS

Contingent liabilities

Claims

Piramal Critical Care B.V. ("Piramal") received a sanction letter in April 2021 from Spanish Agency of Medicines and Medical Devices ("AEMPS") for not supplying Hypnomidate in Spain for a brief period commencing from the end of 22 May 2019 till 18 June 2019, which coincided with the transfer of the Marketing Authorization in Spain from Janssen to PIRAMAL (i.e., May 22, 2019). The basis for the sanction was for allegedly failing to comply with Piramal's obligation to sufficiently stock the market with Hypnomidate, in an adequate and continuous manner to enable compliance with requirements for provision to AEMPS and to guarantee supply to pharmacies and that Piramal was responsible for ceasing supply of Hypnomidate into the market. AEMPS passed a final order on 9 June 2021 imposing a penalty of € 180,001.

Piramal filed an appeal with the relevant court on 20 July 2021 to challenge the said order for which a "precautionary measure" was filed requesting the court to temporarily suspend the payment of the penalty until the appeal is settled. As a result of suspension of the payment of the penalty, the court has directed Piramal to provide a bank guarantee for the amount imposed by AEMPS.

On 7 September 2022, the court dismissed the lawsuit on grounds that Piramal was aware of the situation of the breach of stock of Hypnomidate and that the infraction can be committed not only by the holder of the authorization at the moment of the breach (which was Janssen), but also by the future holder of the authorization. An appeal has been filed before the Audiencia Nacional (appellate court) on 29 September 2022. The matter is currently ongoing.

Long-term financial obligations

Rental commitments buildings

The company have rental commitments until April 2023, which relate to the rent of the office/building. The commitments amount to € 1.500 per month (exclusive of VAT).

5 NOTES TO THE PROFIT & LOSS ACCOUNT OVER THE YEAR 2022

9. Net turnover

The revenues decreased in 2022 compared to 2021 with 10.8%.

	2022	2021
	€	€
10. Net turnover		
Net turnover	18,624,806	20,870,481
11. Cost of sales		
Cost of goods sold	13,865,599	13,870,988
12. Employee expenses		
Wages and salaries	372,483	551,547
Social security charges	59,530	45,955
Pension costs	30,488	43,608
Agency fees	597,480	364,873
Other personnel costs	40,700	47,919
	1,100,681	1,053,902
<i>Wages and salaries</i>		
Gross wages	333,117	536,576
Holiday and bonus allowances	39,366	14,971
	372,483	551,547
<i>Other personnel costs</i>		
Allowances	29,503	8,422
Training and seminars	6,864	3,468
Recruitment expenses	-	34,650
Other personnel expenses	4,333	1,379
	40,700	47,919

Staff

During the 2022 financial year, the average number of employees in the Group, converted into full-time equivalents, amounted to 6 (2021: 7).

13. Amortisation and depreciation

Intangible fixed assets	52,672	-
-------------------------	--------	---

	2022	2021
	€	€
<i>Amortisation of intangible fixed assets</i>		
Concessions, permits and intellectual property rights	52,672	-
14. Other operating expenses		
Accommodation expenses	18,000	18,000
Office expenses	94,343	11,474
Car expenses	1,331	1,886
Selling and distribution expenses	2,991,309	2,392,960
General expenses	3,936,728	4,860,930
Travelling expenses	24,774	11,348
Hotel expenses	9,833	3,057
	<u>7,076,318</u>	<u>7,299,655</u>
<i>Accommodation expenses</i>		
Rent buildings	<u>18,000</u>	<u>18,000</u>
<i>Office expenses</i>		
Printed matter	-	315
Telephone	5,777	8,012
Postage	2,943	3,147
Other office supplies	85,623	-
	<u>94,343</u>	<u>11,474</u>
<i>Car expenses</i>		
Lease costs	<u>1,331</u>	<u>1,886</u>
<i>Selling and distribution expenses</i>		
Publicity and advertisement	166,638	73,859
Mutations doubtful debtors	13,204	48,642
Freight outward	718,342	860,160
Rates & Taxes	488,939	212,069
CFA Fees	903,390	667,692
Laboratory materials	42,592	55,867
Order servicing costs	651,367	458,456
Sales commissions	-	16,215
Other cost of sales	6,837	-
	<u>2,991,309</u>	<u>2,392,960</u>

	2022	2021
	€	€
<i>General expenses</i>		
Service charges	1,921,955	2,966,261
Royalties	79,865	98,243
Legal charges	22,804	49,596
Insurance	12,458	46,998
Professional charges	764,719	330,450
Regulatory fees	1,084,409	1,349,677
Audit fees	29,000	15,320
Other general expenses	21,518	4,385
	<u>3,936,728</u>	<u>4,860,930</u>

15. Financial income and expenses

Interest and similar expenses	<u>-1,302,814</u>	<u>-1,179,720</u>
-------------------------------	-------------------	-------------------

Interest and similar expenses

Interest and bank charges	471,892	427,310
Exchange gains/losses	761,575	752,410
Interest loans	69,347	-
	<u>1,302,814</u>	<u>1,179,720</u>


6 OTHER DISCLOSURE


Recognition of the loss for 2022


The board of directors proposes to add the 2022 result to the other reserves for an amount of € 4,773,278. The General Meeting of Shareholders will be asked to approve the appropriation of the 2022 result, this proposition is already recognised in the financial statements.

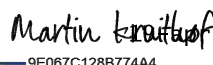
Signing of the financial statements

Voorschoten, April 19, 2023

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Peter DeYoung

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Mahesh Sane

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Varun Agarwal

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19-Apr-2023 | 05:18 EDT
Martin Kruithof

OTHER INFORMATION

OTHER INFORMATION

1 Statutory appropriation of profit

Based on article 19 of the statutes the result is at disposal of the General Shareholders Meeting.



accountants
adviseurs

INDEPENDENT AUDITOR'S REPORT

To: Board of Directors of Piramal Critical Care B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2022 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2022 of Piramal Critical Care B.V. based in Voorschoten.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Piramal Critical Care B.V. as at December 31, 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the company balance sheet as at December 31, 2022;
2. the company profit and loss account for 2022; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our Responsibilities for the Audit of the Financial Statements' section of our report.

We are independent of Piramal Critical Care B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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.

INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this

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accountants
advisers

context, and we do not provide a separate opinion or conclusion on these matters.

AUDIT APPROACH FRAUD RISKS

During the audit, we paid attention to the risk of breach of internal control measures by the management by:

- Obtaining the management's response regarding controls in place to mitigate the risk of fraud through a 'fraud risk questionnaire';
- Checking journal entries and other adjustments made during the preparation of the financial statements;
- Reviewing management estimates;
- Checking significant transactions outside the normal course of business.

We have not identified any indication of fraud or suspicion of fraud based on the procedures performed.

AUDIT APPROACH GOING CONCERN

The management has prepared the financial statements on a going concern basis for a period of twelve months from the date of preparation of the financial statements. Our procedures to review the management's assessment of going concern include:

- consider whether the management's assessment of going concern contains all relevant information of which we are aware as a result of our audit and inquire with the management about key assumptions;
- determine whether the management has identified events or circumstances ('going concern risks') that may cast significant doubt on the entity's ability to continue as a going concern;
- analyze whether the current and required financing for the continuation of the entire business activities is guaranteed, including compliance with relevant covenants;
- inquire with the management about its knowledge of going concern risks after the period of the assessment performed by management.

Based on the procedures performed, we do not believe a material uncertainty exists about the company's ability to continue as a going concern.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;

- contains the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Leusden 20 April 2023

HLG audit B.V.

A handwritten signature in black ink, consisting of a stylized 'G' and 'C' followed by a horizontal line.

drs. G.C. de Gooijer RA

Piramal Dutch Holdings N.V.

located, Leiden

Report on the annual accounts
2022

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Financial statements

Balance sheet as on 31 December 2022
(Before distribution of result)

Assets

		<u>31-12-2022</u>		<u>31-12-2021</u>
		\$	\$	\$
Fixed assets				
<i>Financial fixed assets</i>	1	391,167,215		405,600,281
		<u> </u>		<u> </u>
		391,167,215		405,600,281
Current assets				
<i>Receivables</i>	2	11,249,354		10,736,929
<i>Cash</i>	3			
Bank account and fixed deposits		12,511,711		13,017,969
		<u> </u>		<u> </u>
		<u>414,928,280</u>		<u>429,355,179</u>

Balance sheet as on 31 December 2022

Liabilities

		<u>31-12-2022</u>		<u>31-12-2021</u>	
		\$	\$	\$	\$
Shareholders' equity	4				
Issued share capital	5	226,657,922		226,657,922	
Other reserve		37,806,106		46,027,632	
Result for the year	-	8,758,115		- 8,221,525	
			255,705,913		264,464,029
Long-term liabilities					
Liabilities to bank	6	40,904,329		65,700,243	
Liabilities to shareholder	7	100,487,200		95,580,000	
			141,391,529		161,280,243
Current liabilities, accruals and deferred income					
Liabilities to bank	6	12,917,332		-	
Liabilities to group companies	8	4,763,500		3,481,918	
Other liabilities and accrued expenses	9	150,006		128,989	
			17,830,838		3,610,907
			<u>414,928,280</u>		<u>429,355,179</u>

			\$	<u>2022</u>	\$		\$	<u>2021</u>	\$
Service Income - Exports				-					-
Personnel expenses	10	-	128,574		-	134,821			
Other operating expenses	11	-	242,636		-	1,128,556			
Total operating expenses						371,210			1,263,377
Operating result				-		371,210		-	1,263,377
Other interest and similar income	12		1,186,880			875,885			
Currency Exchange results	13	-	607,550		-	391,185			
Interest and similar expenses	14	-	8,966,235		-	7,442,848			
Financial income and expense				-		8,386,905		-	6,958,148
Result of ordinary activities before taxation				-		8,758,115		-	8,221,525
Taxation						-			-
				-		8,758,115		-	8,221,525
Share in result of participations						-			-
Net result after taxes				-		8,758,115		-	8,221,525

Notes to the financial statements

Entity information

Registered address and registration number trade register

The registered and actual address of Piramal Dutch Holdings N.V. is Bargelaan 200, 2333 CW in Leiden, The Netherlands. Piramal Dutch Holdings N.V. is registered at the trade register under number 56275471.

General notes

The most important activities of the entity

The activities of Piramal Dutch Holdings N.V. consist mainly of: financing and holding company.

The exemption of consolidation

Consolidation has not taken place, since Piramal Dutch Holdings N.V. makes use of article 408, Book 2 of the Dutch Civil Code and consequently will file the consolidated accounts of Piramal Enterprises Limited, Mumbai, India with the Commercial Register in Amsterdam, The Netherlands.

On that basis Piramal Dutch Holdings N.V. can be classified as a micro sized company.

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.

Conversion of amounts denominated in foreign currency

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

Foreign currency translation for the balance sheet

At the end of the reporting date, all monetary assets and liabilities denominated in foreign currencies are converted into USD at the rate of exchange prevailing at the balance sheet date, whereas non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate prevailing at the month of the transaction.

Accounting principles

Financial assets

Participations are valued at cost, and if applicable less impairments. Acquisition related expenditure is expensed in the year of incurring the same. Dividends are accounted for when received.

Net asset value of the participations is not presented as the company's management is of the opinion that in the light of the aforementioned application of Article 408, disclosure of such information would not enhance the insight in the company's financial position and results already provided by these financial statements together with the consolidated financial statements of Piramal Enterprises Limited, Mumbai, India.

Long-term 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.

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.

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.

Income tax expense

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Notes to the balance sheet

	<u>31-12-2022</u>	<u>31-12-2021</u>
	\$	\$
1 Financial fixed assets		
Participations in group companies	369,552,842	368,459,501
Receivables from group companies	21,614,373	37,140,780
	<u>391,167,215</u>	<u>405,600,281</u>

Participations in group companies

Name	Legal seat	Ownership		
Piramal Critical Care B.V.	The Netherlands	100%	1,149,550	1,149,550
Piramal Pharma Solutions (Dutch) B.V.	The Netherlands	100%	-	-
Piramal Healthcare UK Ltd.	United Kingdom	100%	54,032,768	54,032,768
Piramal Healthcare Canada Ltd.	Canada	100%	36,815,517	36,815,517
Piramal Critical Care Deutschland GmbH	Germany	100%	12,958,815	11,958,611
Piramal Critical Care Italia S.P.A.	Italy	100%	6,593,415	6,593,415
PEL Pharma Inc.	United States of America	90%	9,046,380	9,046,380
Piramal Healthcare Inc., Delaware	United States of America	90%	226,667,410	226,667,410
Piramal Critical Care Limited	United Kingdom	100%	22,195,850	22,195,850
Piramal Pharma Solutions Japan	Japan	100%	93,137	-
			<u>369,552,842</u>	<u>368,459,501</u>

Piramal Dutch Holdings N.V. has invested in Piramal Pharma Solutions (Dutch) B.V., however the cost of the investment is zero and hence, the value as of 31 December 2022 is nil. Piramal Pharma Japan GK was incorporated on 5 November 2021 as a wholly owned subsidiary of Piramal Dutch Holdings N.V. with an authorized and issued capital of 10 million Yen, however the capital infusion was made in January 2022.

Receivables from group companies

Receivables from Piramal Healthcare UK Ltd., UK	2,295,265	4,222,018
Receivables from Piramal Critical Care B.V., NL	2,630,193	3,512,300
Receivables from Piramal Critical Care Limited, UK	13,246,040	4,436,040
Receivables from PEL Pharma INC, USA	-	21,218,850
Receivables from Piramal Pharma Solutions INC, USA	-	2,750,000
Receivables from Piramal Critical Care GmbH, GmbH	942,874	1,001,572
Receivables from PH Canada	2,500,000	-
	<u>21,614,373</u>	<u>37,140,780</u>

Receivables from Piramal Pharma Solutions INC, USA and PEL Pharma INC are fully repaid and a new loan of USD 2,500,000 is advanced to PH Canada at a rate of 5.5% per annum starting from 1 September 2022 for a period of 3 years.

During the year, there has been a change in the rate of interest from 5.25% to 4.15% from April 2021 retrospectively in case of Receivables from Piramal Critical Care B.V., NL., differential interest has been reversed in Feb 2022 and thereafter new rate has been considered.

	<u>31-12-2022</u>	<u>31-12-2021</u>
	\$	\$
Current assets		
2 Receivables		
Receivables from group companies	11,187,360	10,736,119
Advance tax	61,148	-
Prepaid expenses	846	811
	<u>11,249,354</u>	<u>10,736,929</u>
Receivables from group companies		
Receivable from Piramal Healthcare UK Ltd., UK	1,321	19,889
Receivables from Piramal Critical Care B.V., NL	84,631	184,396
Receivables from Piramal Critical Care Limited, UK	10,911,749	10,393,027
Receivables from PEL Pharma INC, USA	-	59,284
Receivables from Piramal Pharma Solutions INC, USA	-	46,019
Receivables from PEL Corporate	27,360	29,064
Receivables from PH Canada	45,958	-
Receivables from Piramal Critical Care GMBH, GmbH	43,310	4,441
Receivables from Piramal Healthcare Inc	73,031	-
	<u>11,187,360</u>	<u>10,736,119</u>
3 Cash		
HSBC EUR	57,775	103,320
HSBC USD	401,445	860,444
HSBC GBP	262	1,973
HSBC CHF	198	201
Debt Service Reserve Account / SBI Loan	12,052,031	12,052,031
	<u>12,511,711</u>	<u>13,017,969</u>

Debt Service Reserve Accounts balance pertains to the loan taken from State Bank of India, London Branch in 2020.

4 Shareholders' equity

Movements in equity were as follows:

	Issued share	Other reserve	Result for the year	Total
	\$	\$	\$	\$
Balance as at 1 January 2022	226,657,922	46,027,632	- 8,221,525	264,464,029
Result for the year	-	-	- 8,758,115	8,758,115
Appropriation of result	-	- 8,221,525	8,221,525	-
Balance as at 31 December 2022	226,657,922	37,806,106	- 8,758,115	255,705,913

5 Issued share capital

The authorized share capital of Piramal Dutch Holdings N.V. consists of 500.000.000 shares with a nominal value of EUR 1 each. The issued share capital as of 31 December 2022 consists of 203,189,531 shares all of which are fully paid.

	31-12-2022	31-12-2021
	\$	\$
State Bank of India, USD 255Mn loan facility	53,821,661	65,700,243
	53,821,661	65,700,243

In 2020, the company obtained a term-loan for a tenure of 60 months from State Bank of India during the period for \$70,000,000. Interest is charged at a rate of 2.60% p.a. plus 3 months LIBOR, payable quarterly. There are fixed and floating charges over certain assets of the company. The ultimate parent company, Piramal Pharma Limited India, has also provided a guarantee for the loan.

Liabilities to bank

Principal amount	70,000,000	70,000,000
Current portion of long-term loan	- 12,917,332	-
Processing fees paid	- 4,299,757	- 6,710,000
Cumulative amortisation	1,038,751	2,410,243
	- 3,261,006	- 4,299,757
	53,821,661	65,700,243

Out of the total loan outstanding, \$ 12,917,332 is repayable in 2023.

	<u>31-12-2022</u>	<u>31-12-2021</u>
	\$	\$
7 Liabilities to shareholder		
Piramal Pharma Limited, India	90,107,200	85,200,000
Piramal Healthcare INC	<u>10,380,000</u>	<u>10,380,000</u>
	<u>100,487,200</u>	<u>95,580,000</u>

The liabilities to Piramal Pharma Limited consist of USD and GBP loan facilities with a maximum credit of \$ 250,000,000 for a period of 3 years at a rate of 4% per annum. Effective from 1st August 2022, the interest rate has been revised to 5.5% per annum.

Current liabilities, accruals and deferred income

8 Liabilities to group companies

Interest payable on loan from:

Piramal Dutch IM Holdco B.V.	-	38
Piramal Pharma Limited, India	4,127,820	3,481,880
Piramal Healthcare INC	<u>636,680</u>	<u>-</u>
	<u>4,763,500</u>	<u>3,481,918</u>

9 Other liabilities and accrued expenses

Other current accounts	76,099	88,445
Accruals and deferred income	73,907	40,544
	<u>150,006</u>	<u>128,989</u>

Commitments and Contingencies

Piramal Dutch Holdings N.V. has provided a continuing guarantee of an amount of GBP 2.45 million on behalf of Piramal Healthcare UK Ltd, a wholly-owned subsidiary of the Company in UK ('PH UK') in favour of Scottish Enterprise in connection with a grant of GBP 2.45 million offered by the Scottish Enterprise to Piramal Healthcare UK towards expansion of its Pharma Solutions Site located at Grangemouth, Scotland.

Appropriation of result

The management of the company proposes to appropriate the result as follows:

The loss for the year 2022 in the amount of \$ 8,758,115 will be deducted from the other reserves.

This proposal needs to be determined by the General Meeting and has therefore not yet been processed in the annual accounts 2022 for the company.

Notes to the profit and loss account

	<u>2022</u>	<u>2021</u>
	\$	\$
10 Personnel Expenses		
Wages and salaries	118,392	124,620
Social security charges and pensions cost	10,182	10,201
	<u>128,574</u>	<u>134,821</u>
11 General expenses		
Audit fees	30,100	23,228
Bank charges	7,773	8,062
Additional VAT-collection	85,963	79,026
Office rent	8,640	9,990
Other general expenses	110,160	1,008,250
	<u>242,636</u>	<u>1,128,556</u>
12 Other interest and similar income		
Interest income on intercompany loans	1,113,602	875,885
Interest of State Bank of India fixed deposit	73,278	-
	<u>1,186,880</u>	<u>875,885</u>
13 Currency Exchange results		
Currency exchange results	<u>607,550</u>	<u>391,185</u>
14 Interest Income and Similar expense		
Interest expenses to group companies	4,754,922	3,481,879
Interest on term loan from State Bank of India	3,885,688	3,610,969
Other borrowing cost	325,625	350,000
	<u>8,966,235</u>	<u>7,442,848</u>

Other information


Subsequent events

Piramal Pharma Japan GK incorporated on 5 November 2021 with an authorized and issued capital of 10 million Yen was liquidated effective from 17 January 2023 after completion of all the necessary formalities in compliance with local legislation.

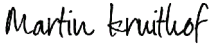
Piramal Critical Care IKE is incorporated as a wholly owned subsidiary of Piramal Dutch Holdings N.V. in Greece on 28 February 2023 with a proposed share issued capital of Euro 500,000.

Piramal Dutch Holdings N.V.
Leiden


13 June 2023
Piramal Dutch Holdings N.V.

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P.D. DeYoung

DocuSigned by:

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M. Kruithof

DocuSigned by:

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V.V. Agarwal

INDEPENDENT AUDITOR'S REPORT

To: Board of Directors of Piramal Dutch Holdings N.V. registered in Leiden

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2022 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2022 of Piramal Dutch Holdings N.V., based in Leiden.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Piramal Dutch Holdings N.V. as at December 31, 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the company balance sheet as at December 31, 2022;
2. the company profit and loss account for 2022; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our Responsibilities for the Audit of the Financial Statements' section of our report.

We are independent of Piramal Dutch Holdings N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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.

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Fokkerstraat 12
3833 LD Leusden

POSTADRES
Postbus 344
3830 AJ Leusden

CONTACT
T +31 (0)33 434 72 00
E info@hlg.nl
www.hlg.nl



accountants
advisers

INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

AUDIT APPROACH FRAUD RISKS

During the audit, we paid attention to the risk of breach of internal control measures by the management by:

- Obtaining the management's response regarding controls in place to mitigate the risk of fraud through a 'fraud risk questionnaire';
- Checking journal entries and other adjustments made during the preparation of the financial statements;
- Reviewing management estimates;
- Checking significant transactions outside the normal course of business.

We have not identified any indication of fraud or suspicion of fraud based on the procedures performed.

AUDIT APPROACH GOING CONCERN

The management has prepared the financial statements on a going concern basis for a period of twelve months from the date of preparation of the financial statements. Our procedures to review the management's assessment of going concern include:

- consider whether the management's assessment of going concern contains all relevant information of which we are aware as a result of our audit and inquire with the management about key assumptions;
- determine whether the management has identified events or circumstances ('going concern risks') that may cast significant doubt on the entity's ability to continue as a going concern;
- analyze whether the current and required financing for the continuation of the entire business activities is guaranteed, including compliance with relevant covenants;
- inquire with the management about its knowledge of going concern risks after the period of the assessment performed by management.

Based on the procedures performed, we do not believe a material uncertainty exists about the company's ability to continue as a going concern.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

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

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Leusden 22 June 2023

HLG audit B.V.



drs. G.C. de Gooijer RA

Piramal Pharma Solutions (Dutch) B.V.

Registration number: 72943165

**Annual report 2022 of
Piramal Pharma Solutions (Dutch) B.V.
at Leiden**

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2	Profit & Loss account for the year 2022	6
3	Notes to the financial statements	7
4	Notes to the balance sheet as of December 31, 2022	9
5	Notes to the profit & loss account over the year 2022	11
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OTHER INFORMATION

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FINANCIAL STATEMENTS

1. BALANCE SHEET AS AT DECEMBER 31, 2022

(after appropriation of results)

		As at December 31, 2022	As at December 31, 2021
		€	€
ASSETS			
Fixed assets			
Financial Fixed Assets	<i>1</i>		
Other receivables		4,265	4,265
CURRENT ASSETS			
Receivable, prepayments and accrued income	<i>2</i>		
Taxes and social securities (VAT)			
Prepayments		161,677	1,667
Bank		30,892	25,207
InterUnit - PHUK		332,130	287,091
Due from Group Companies			
TOTAL ASSETS		528,964	318,230

		As at December 31, 2022		As at December 31, 2021	
		€	€	€	€
EQUITY AND LIABILITIES					
EQUITY					
	3				
Other Reserves			301,476		255,846
CURRENT LIABILITIES					
	4				
Liabilities to group companies					
Accruals and deferred income				10,000	
Due to Group Companies		24,336			
Creditors		74,727		35,763	
VAT		128,425	<u>227,488</u>	16,621	<u>62,384</u>
TOTAL OF EQUITY AND LIABILITIES			<u>528,964</u>		<u>318,230</u>

2. PROFIT AND LOSS ACCOUNT FOR THE YEAR 2022

		2022		2021	
		€	€	€	€
Net turnover	5	8,386,674		5,391,943	
Cost of sales	6	<u>8,173,878</u>		<u>4,898,106</u>	
Gross margin			212,797		493,837
Expenses					
Administrative expenses	7		<u>167,167</u>		<u>141,446</u>
Operating result			<u>45,630</u>		<u>352,391</u>
Result before tax			<u>45,630</u>		<u>352,391</u>
Taxes			<u>-</u>		<u>-</u>
Profit for the financial year			<u>45,630</u>		<u>352,391</u>

3 NOTES TO THE FINANCIAL STATEMENTS

Registered Address

The registered and actual address of Piramal Pharma Solutions (Dutch) B.V. (CoC file 72943165) is Bargelaan 200 in Leiden.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ACCOUNTS

The annual accounts have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code.

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.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

These financial statements were authorised for issuance by the Board of Directors as on xxxxxxxx.

ACCOUNTING PRINCIPLES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

Financial fixed assets

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions.

Receivables and deferred assets

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price.

When there are no premiums, discounts or transaction costs, the amortised cost is equal to the nominal value.

Taxes

Corporate income tax is calculated at the applicable rate on the result for the financial period, taking into account permanent differences between profit calculated according to the accounts and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is defined as the difference between the revenue from services performed on one hand and on the other hand the costs and expenses for that year, valued at historical costs.

Revenue recognition

General

Net turnover comprises of income from an agreed mark-up based on service agreement.

Expenses general

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Financial income and expenses

Interest income and interest expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Taxes

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

4. NOTES TO THE BALANCE SHEET AS OF DECEMBER 31,2022

ASSETS

	December 31, 2022 €	December 31, 2021 €
NON-CURRENT ASSETS		
1. Financial Fixed Assets		
Other receivables		
Deposit rent	4,265	4,265

CURRENT ASSETS

2. Receivable, prepayments and accrued income

	December 31, 2022 €	December 31, 2021 €
Bank	30,892	25,207
Inter-Unit account - PHUK	332,130	287,091
Prepayments	161,677	1,667
Taxes and social securities		
VAT		
	524,699	313,965

3. EQUITY

Issued share capital

The issued share capital amounts to € 500,000. Consisting of 500,000 ordinary shares at par value €1.00 It is stipulated that the nominal amount of the issued shares shall be paid after the company has requested that payment in writing.

Other Reserves	December 31, 2022 €	December 31, 2021 €
Carrying amount at the beginning of the period	-255,846	-96,545
Allocation of financial period net result	-45,630	352,391
Carrying amount at the end of the period	-301,476	-255,846

4. CURRENT LIABILITIES

	December 31, 2022 €	December 31, 2021 €
Liabilities to Group Companies (Piramal Healthcare UK Ltd)		
Due to Group Companies (Accounts Receivable)	24,336	
Current account – Piramal Healthcare UK Ltd		
	24,336	
Tax & Social Securities	128,425	16,621
Creditors	74,727	35,763
Accruals and deferred income		10,000
TOTAL CURRENT LIABILITIES	203,152	62,384

COMMITMENTS

Long-term financial obligations

Rental commitments buildings

The company has long term rental commitments until 1st February 2024, which relate to the rent of the office/building. The commitments amount to €1,514.58 per month (exclusive of VAT).

5. NOTES TO THE PROFIT & LOSS ACCOUNT OVER THE YEAR 2022

	December 31, 2022 €	December 31, 2021 €
5. Net turnover	<u>8,386,674</u>	<u>5,391,943</u>
6. Cost of sales	<u>8,173,878</u>	<u>4,898,106</u>
7. Other operating expenses		
Accommodation expense		
Rent buildings	<u>8,294</u>	<u>13,421</u>
General expenses		
Office set-up costs	-	-
Professional charges	158,591	125,892
Bank Charges	282	261
Audit Fees	<u>158,873</u>	<u>1,872</u>
	<u>158,873</u>	<u>128,025</u>

6 OTHER DISCLOSURE


Recognition of the loss for 2022

The board of directors proposes to add the 2022 result to the other reserves for the amount of €45,630. The General Meeting of Shareholders will be asked to approve the appropriation of the 2022 results, this proposition is already recognised in the financial statements.

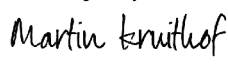
Signing of the financial statements

Creation of the financial statements

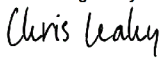
The financial statements are created by the management

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M. Kruithof

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C.M. Leahy

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T.B. Cooke

OTHER INFORMATION

7 OTHER INFORMATION

1. Statutory appropriation of profit

Based on article 19 of the statutes the result is at disposal of the General Shareholders Meeting.

2. Annual report Executive Board

According to article 2:396 paragraph 7 of the Civil Code is waived for the preparation of an annual report of the Executive Board over 2022.

Piramal Critical Care South Africa (Pty) Ltd

(Registration number 2016/338585/07)

**Financial statements
for the year ended 31 December 2022**

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

General Information

Country of incorporation and domicile

South Africa

Directors

Peter Daniel De Young
Mahesh Shrikant Sane
Kaushikkumar Pushkarray
Upadhyay

Registered office

Office 2
Ground Floor Kiepersol House
Stonemill Office Park
300 Acacia Road Darrenwood
2194

Postal address

Po Box 1088
Cresta
Gauteng
2118

Reviewers

GNR Auditors

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Index

The reports and statements set out below comprise the financial statements presented to the shareholders:

	Page
Directors' Responsibilities and Approval	3
Directors' Report	4
Independent Reviewer's Report	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Accounting Policies	10 - 12
Notes to the Financial Statements	13 - 15
Detailed Income Statement	16 - 17

Level of assurance

These financial statements have been independently reviewed in compliance with the applicable requirements of the Companies Act of South Africa.

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

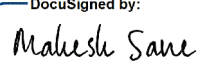
The directors have reviewed the company's cash flow forecast for the year to 31 December 2023 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

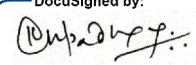
The independent reviewer is responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's independent reviewer and their report is presented on page 5 - 4.

The financial statements set out on pages 6 to 15, which have been prepared on the going concern basis, were approved by the directors on 18 April 2023 and were signed on its behalf by:

Approval of financial statements

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Peter Daniel De Young

DocuSigned by:

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Mahesh Shrikant Sane

DocuSigned by:

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Kaushikkumar Pushkarray Upadhyay

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Piramal Critical Care South Africa (Pty) Ltd for the year ended 31 December 2022.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

2. Directors

The directors in office at the date of this report are as follows:

Directors

Peter Daniel De Young
Mahesh Shrikant Sane
Kaushikkumar Pushkarray
Upadhyay

There have been no changes to the directorate for the period under review.

3. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

4. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

5. Review

The financial statements are subject to an independent review and have been reviewed by GNR Auditors



Chartered Accountants (SA)
Registered Auditors

☎ 018 293 2726

☎ 018 462 8039 (Klerksdorp)

☎ 018 293 2753

☎ 018 462 8245 (Klerksdorp)

E-mail: admin@gnrauditors.co.za

E-mail: klerksdorp@gnrauditors.co.za

Peter Mokaba Avenue 86
Potchefstroom
2531

✉ 20395
Noordbrug
2522

Independent Reviewer's Report

To the Directors of Piramal Critical Care South Africa (Pty) Ltd

We have reviewed the financial statements of Piramal Critical Care South Africa (Pty) Ltd, set out on pages 6 to 15, which comprise the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements (ISRE 2400 (Revised)). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects the financial position of Piramal Critical Care South Africa (Pty) Ltd as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

DocuSigned by:

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GMR Auditors

CR Rademeyer CA(SA)

Partner

18 April 2023

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Statement of Financial Position as at 31 December 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	2	2,167,022	2,974,314
Deferred tax	3	2,037,714	1,103,389
		4,204,736	4,077,703
Current Assets			
Inventories	5	22,806,757	31,702,921
Trade and other receivables	4	15,883,500	14,877,386
Cash and cash equivalents	6	12,348,789	6,682,994
		51,039,046	53,263,301
Total Assets		55,243,782	57,341,004
Equity and Liabilities			
Equity			
Share capital	7	9,750,120	9,750,120
Retained income		7,585,419	4,721,667
		17,335,539	14,471,787
Liabilities			
Current Liabilities			
Trade and other payables	8	36,870,557	40,953,780
Current tax payable		695,311	1,587,312
Provisions		342,375	328,125
		37,908,243	42,869,217
Total Equity and Liabilities		55,243,782	57,341,004

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Statement of Comprehensive Income

Figures in Rand	Note(s)	2022	2021
Revenue		79,272,074	67,902,220
Cost of sales		(54,155,509)	(47,005,204)
Gross profit		25,116,565	20,897,016
Other income		79,108	827,443
Operating expenses		(20,940,546)	(17,711,787)
Operating profit		4,255,127	4,012,672
Investment revenue		44,636	727
Finance costs		(322,356)	(10,567)
Profit before taxation		3,977,407	4,002,832
Taxation	9	(1,113,674)	(1,144,072)
Profit for the year		2,863,733	2,858,760
Other comprehensive income		-	-
Total comprehensive income for the year		2,863,733	2,858,760

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total equity
Balance at 01 January 2021	9,750,120	1,862,907	11,613,027
Profit for the year	-	2,858,760	2,858,760
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	2,858,760	2,858,760
Balance at 01 January 2022	9,750,120	4,721,667	14,471,787
Profit for the year	-	2,863,733	2,863,733
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	2,863,733	2,863,733
Non cash adjustment	-	19	19
Total changes	-	19	19
Balance at 31 December 2022	9,750,120	7,585,419	17,335,539

Note(s)

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Statement of Cash Flows

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Cash receipts from customers		78,348,950	67,680,057
Cash paid to suppliers and employees		(69,465,435)	(60,699,610)
Cash generated from operations	10	8,883,515	6,980,447
Interest income		44,636	727
Finance costs		(322,356)	(10,567)
Tax paid		(2,940,000)	(664,750)
Net cash from operating activities		5,665,795	6,305,857
Cash flows from investing activities			
Cash flows from financing activities			
Movement of loans from group companies		-	(5,007,671)
Total cash movement for the year		5,665,795	1,298,186
Cash and cash equivalents at the beginning of the year		6,682,994	5,384,808
Total cash at end of the year	6	12,348,789	6,682,994

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	5
Office equipment	Straight line	5
IT equipment	Straight line	3
Vaporiser	Straight line	6

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Accounting Policies

1.2 Financial instruments

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Finance leases – lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method.

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Accounting Policies

1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

1.6 Share capital and equity

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.7 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.8 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The Stage of completion is determined by surveys of work performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.9 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.10 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

All transactions in foreign currencies are initially recorded in Rand, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

1.11 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

Figures in Rand 2022 2021

2. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation and impairment	Carrying value	Cost or revaluation	Accumulated depreciation and impairment	Carrying value
Vaporiser	4,728,151	(2,561,130)	2,167,021	4,728,151	(1,773,090)	2,955,061
Motor vehicles	350,000	(349,999)	1	350,000	(349,999)	1
Office equipment	165,100	(165,100)	-	165,100	(145,848)	19,252
IT equipment	50,439	(50,439)	-	50,439	(50,439)	-
Total	5,293,690	(3,126,668)	2,167,022	5,293,690	(2,319,376)	2,974,314

Reconciliation of property, plant and equipment - 2022

	Opening balance	Other changes, movements	Depreciation	Closing balance
Vaporiser	2,955,061	(9)	(788,031)	2,167,021
Motor vehicles	1	-	-	1
Office equipment	19,252	-	(19,252)	-
	2,974,314	(9)	(807,283)	2,167,022

Reconciliation of property, plant and equipment - 2021

	Opening balance	Depreciation	Closing balance
Vaporiser	3,743,101	(788,040)	2,955,061
Motor vehicles	87,496	(87,495)	1
Office equipment	52,276	(33,024)	19,252
IT equipment	7,045	(7,045)	-
	3,889,918	(915,604)	2,974,314

3. Deferred tax

Reconciliation of deferred tax asset/(liability)

At beginning of year	1,103,389	80,149
Recognised in profit or loss:		
Arising from increases (decrease in provision for bonus)	3,990	81,375
Arising from increases (decrease) in provision for obsolete stock	930,335	942,474
Arising from increases (decrease) in provision for bad debts	-	(609)
At end of year	2,037,714	1,103,389

4. Trade and other receivables

Trade receivables	15,834,617	14,828,503
Deposits	48,883	48,883
	15,883,500	14,877,386

5. Inventories

Finished goods	22,806,757	31,702,921
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Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

Figures in Rand	2022	2021		
6. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	12,348,789	6,682,994		
7. Share capital				
Authorised				
Ordinary shares	4,000	4,000		
Issued				
3000 Ordinary shares	9,750,120	9,750,120		
8. Trade and other payables				
Trade payables	33,931,916	37,577,345		
VAT	730,042	727,337		
Accrued expense: Log Fees	(938)	(1,415)		
Accrued expense: Commission	1,902,305	2,323,847		
Accrued expense: Logistical Fees	179,000	180,600		
Accrued expense: Employee Fees	5,678	-		
Accrued expense: Royalties	122,554	146,066		
	36,870,557	40,953,780		
Unhedged foreign currency exposure	Amount in foreign currency as at 31 December 2022	Amount in Rand as at 31 December 2022	Amount in foreign currency as at 31 December 2021	Amount in Rand as at 31 December 2021
USD	2,020	30,624	2,343	35,375
9. Taxation				
Major components of the tax expense				
Current taxation				
South African normal tax - year		2,047,999		2,167,312
Deferred taxation				
South African deferred tax - current year		(934,325)		(1,023,240)
		1,113,674		1,144,072

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements

Figures in Rand	2022	2021
10. Cash generated from operations		
Net profit before taxation	3,977,407	4,002,832
Adjustments for:		
Depreciation, amortisation, impairments and reversals of impairments	807,283	915,604
(Profit) loss on foreign exchange differences	(79,108)	1,062
Movement in provisions	14,250	290,625
Non cash flow adjustment	29	-
Investment income	(44,636)	(727)
Finance costs	322,356	10,567
Changes in working capital:		
(Increase) decrease in inventories	8,896,164	31,149,377
(Increase) decrease in trade and other receivables	(923,124)	222,163
Increase (decrease) in trade and other payables	(4,087,106)	(29,611,056)
	8,883,515	6,980,447

11. Related parties

Relationships

Ultimate holding company 2022/2021

Holding company

Associate company

Associate company

Piramal Pharma Limited / Piramal Enterprise Limited

Piramal Critical Care Limited

Piramal Critical Care Inc.

Piramal Corporate services Private Limited

Related party balances and transactions with entities with control, joint control or significant influence over the company

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties

Piramal Critical Care Limited	(33,871,711)	(37,494,336)
Piramal Critical Care Inc.	-	827,623
Piramal Pharma Limited / Piramal Enterprise Limited	(30,624)	(35,375)

Related party transactions

Interest paid to (received from) related parties

Piramal Critical Care Limited	-	10,548
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Purchases from (sales to) related parties

Piramal Critical Care Limited (stock purchases)	42,056,795	15,803,827
Piramal Critical Care Inc. (Depreciation cross-charges)	-	827,443
Piramal Corporate services Private Limited (Royalties)	605,950	373,907
Piramal Pharma Limited / Piramal Enterprise Limited (Insurance cross-charge)	30,624	35,375

The Ultimate holding company changed from Piramal Enterprise Limited to Piramal Pharma Limited on 18 August 2022.

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Detailed Income Statement

Figures in Rand	Note(s)	2022	2021
Revenue			
Sale of goods		79,272,074	67,902,220
Cost of sales			
Opening stock		(31,702,921)	(62,852,298)
Purchases		(45,259,345)	(15,855,827)
Closing stock		22,806,757	31,702,921
		(54,155,509)	(47,005,204)
Gross profit		25,116,565	20,897,016
Other income			
Recoveries		-	827,443
Profit on exchange differences		79,108	-
		79,108	827,443
Expenses (Refer to page 17)		(20,940,546)	(17,711,787)
Operating profit		4,255,127	4,012,672
Investment income		44,636	727
Finance costs	1.9	(322,356)	(10,567)
		(277,720)	(9,840)
Profit before taxation		3,977,407	4,002,832
Taxation	9	(1,113,674)	(1,144,072)
Profit for the year		2,863,733	2,858,760

Piramal Critical Care South Africa (Pty) Ltd

(Registration number: 2016/338585/07)

Financial Statements for the year ended 31 December 2022

Detailed Income Statement

Figures in Rand	Note(s)	2022	2021
Operating expenses			
Accounting fees		(347,000)	(342,000)
Advertising		-	(6,840)
Bank charges		(66,170)	(16,346)
Commission paid		(12,556,040)	(9,785,246)
Delivery expenses		(2,198,030)	(1,799,399)
Depreciation, amortisation and impairments		(807,283)	(915,604)
Employee costs		(3,303,860)	(3,210,139)
Entertainment		(562)	(1,203)
Regulatory expense		(319,042)	(465,676)
Office expense		(1,740)	(3,315)
Data fees		(29,856)	(26,920)
Insurance		(217,632)	(168,441)
Lease rentals on operating lease		(271,412)	(274,970)
Legal expenses		(12,108)	(17,550)
Motor vehicle expenses		(69,288)	(38,902)
Utilities		(74,159)	(54,035)
Postage		(430)	-
Printing and stationery		(17,089)	(29,444)
Loss on exchange differences		-	(1,062)
Repairs and maintenance		(2,206)	-
Royalties and license fees		(582,438)	(519,973)
Staff welfare		-	(390)
Telephone and fax		(46,141)	(34,332)
Travel - local		(18,060)	-
		(20,940,546)	(17,711,787)

Registration number: 05160306

Piramal Critical Care Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

KNAV Limited
Statutory Auditors
Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Piramal Critical Care Limited

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Piramal Critical Care Limited

Company Information

Directors	Mr K Upadhyay Mr P D Deyoung Mr W J Hargan Mr M K Poorachandran
Company secretary	Mr K Upadhyay
Registered office	Suite 4, Ground Floor Heathrow Boulevard East Wing 280 Bath Road West Drayton UB7 0DQ
Auditors	KNAV Limited Statutory Auditors Hygeia Building Ground Floor 66-68 College Road Harrow Middlesex HA1 1BE

Piramal Critical Care Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the Company is that of manufacturing and distribution of pharmaceutical products.

Fair review of the business

The core strategy of the Company is the growth of the pharmaceutical business specialising in Inhalation Anaesthetics, pre- and post-surgery pain management, and lifesaving medical products. During the year, the Company got distribution rights to market ICATIBANT, SUNITNIB and LENALODIMIDE products in the UK domestic market. The Company is continuously looking forward to launching new products in the domestic as well as international market. During the year, the contract-manufacturing partners faced production and regulatory challenges but have since stabilized their operations and back to a normal production cycle. During the year, the Inhalation Anaesthetic products have shown a significant recovery in the UK domestic market mainly due to hospitals getting back to elective surgeries for clearing the back log that had built up due to Covid. The Company has also managed to reduce freight cost by way of moving air shipment to sea shipment in the LATAM region as well as by negotiating better rates with freight forwarder and partners.

Whilst ensuring that all cash opportunities were maximized, the cashflow to the Company's supply chain continued uninterrupted and flawless. The Company has entered into forward contracts for JPY to convert in USD & EUR and ZAR to convert into EUR to curb the foreign exchange risk. The Company continues to monitor the business operations and costs associated with the same. We expect to see a robust return to profitability in the coming years, as the Company is observing recovery of the Inhaled Anaesthesia business in the UK along with a stable supply from Demo and Cenexi for Injectable Pain products. The Company was able to retain its overall market share for England and Wales region and won long term tender with Circle Group (a leading private healthcare provider) in UK.

The Company along with PCC Group globally continued Patient Centricity Initiatives. The philosophy at Piramal Critical Care (PCC) has been strongly customer centric for some time. Everyone at the Company is encouraged to think about the benefits that Company's products deliver to patients. Improving Quality of Life for our end user (the patient) is the reason PCC does what it does – they are at the centre of our business strategy. The Group's core philosophy of 'Doing Well and Doing Good' – ensuring PCC's products are top quality, effective, safe and affordable, enables the business to improve outcomes for its most important stakeholder - the patient.

The loss for the year, before taxation, amounted to USD \$13,261,713 (2021: Loss USD \$14,377,479).

The Company's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2022	2021
Revenue	USD \$	35,374,313	35,818,620
Loss before tax	USD \$	(13,261,713)	(14,377,479)

Piramal Critical Care Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties

The Company, in conjunction with the ultimate parent company, has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company. The policies set out by the board and agreed with the ultimate parent company are implemented by the Company's directors.

The directors monitor performance through the production of management accounts on a monthly basis. Additionally, the directors monitor key performance indicators on a monthly basis to ensure they are within acceptable parameters. These include revenue, operating profits, earnings before interest tax and amortisation (EBITDA), working capital, customer service and cash flows from operating activities.

Risks considered by management include the following:

Brexit Risk

The Company monitors and reviews macroeconomic and geopolitical risks on a regular basis. The Company has extended where necessary, European Marketing Authorisations to its sister company, Piramal Critical Care BV in Netherlands. This will ensure, uninterrupted supply of products to patients and hospitals. The Company is also closely monitoring all changes that have been proposed by European authorities with respect to custom duty compliance and its ability to continue doing business from the European Union. At present, the Company does not foresee any significant impact to the business.

Credit risk

The Company has implemented policies that require appropriate credit checks on customers before sales are made to minimise the risk of financial loss.

Liquidity risk

The Company maintains sufficient funds and generates cash from operations to meet working capital requirements. The Company has made all the necessary arrangements to repay the principal portion of the bank loan due on a quarterly basis. The Company has access to longer term financing from its fellow group companies as well as parents if required.

Regulatory risk

The pharmaceutical industry in general is highly regulated on a national, EU and global level. The Company ensures adherence of these regulations and its supply chain is also encouraged to do the same.

Foreign exchange risk

The Company has the risk of foreign currency fluctuations associated with Euro denominated transactions for the material cost and USD denominated transactions related to working capital and long term financing costs. This is monitored closely by management. The Company has entered into forward exchange contracts for JPY to convert it into USD and EUR as well as converting ZAR into EUR to curb the foreign exchange risk for trade receivables. Company also present on regular internal its foreign exchange risk exposure and hedging plan to its Overseas Foreign Exchange Risk Management Committee (Overseas FRMC) for internal review and approval.

Interest rate risk

During the year, the Company had variable interest rate risk on its Long-Term Loan which is based on LIBOR and a working capital line is based on the Bank of England rate of interest. Company also secured revised external borrowing based on SOFOR post 1st January 2023 due to phasing out of LIBOR based lending.

Piramal Critical Care Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172(1) statement

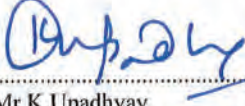
The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company, (the "s.172(1) Matters").

The following paragraphs summarise how the Directors' fulfil their duties:

1. Our plan was designed to have a long-term beneficial impact on the Company and the group at large.
2. Being a relatively small Company, our employees are important to the delivery of our plans. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.
3. We value all of our suppliers and have several multi-year contracts with our key suppliers and contract manufacturers to ensure we maintain strong relationships with them and to provide continued high quality products to our customers.
4. The Piramal group as a whole has core values of Knowledge, Action, Care & Impact which are embedded in the group and its subsidiaries. We support several social causes and provide high quality pharmaceutical products to several countries around the world.
5. As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours.
6. Communication with our shareholder is important for the Board. By maintaining dialogue with our shareholder, we aim to ensure that their views are heard and that our objectives are understood.

This report was approved by the Board on 17 March 2023 and signed on its behalf by:


.....
Mr K Upadhyay
Director



Piramal Critical Care Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors of the Company

The directors who held office during the year were as follows:

Mr K Upadhyay

Mr P D Deyoung

Mr W J Hargan

Mr M K Poorachandran

Results and dividends

The Company's financial results have been discussed in the Strategic Report. During the year no dividends have been paid or declared (2021: No dividends had been paid or declared).

Political donations

The Company made no political donations during the year (2021: £Nil).

Branches outside the United Kingdom

The Company has a branch in Switzerland and Indonesia.

Financial risk management

The Directors' have identified and included the Company's key risks and associated management policies in the Strategic Report on pages 2 to 4.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employee.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. The employees (or their representatives) are consulted regularly on wide range of matters affecting their current and future interests.

Going concern

The directors have made an assessment and confirm that the Company will have sufficient funds, either through its operations, financing facilities available to it or funding from its intermediate parent company, Piramal Pharma Limited, to meet its liabilities as they fall due for that period. Piramal Pharma Limited has indicated its intention to continue to make available such funds to meet its liabilities as they fall due for the period of at least 12 months from the approval of the financial statements. Therefore, the directors have prepared the financial statements on a going concern basis.

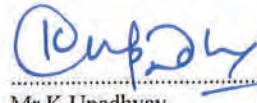
Piramal Critical Care Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Future developments

Please refer to the Strategic Report on page 2.

This report is approved by the Board on 17 March 2023 and signed on its behalf by:


.....
Mr K Upadhyay
Director



Piramal Critical Care Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the auditors are unaware.

Piramal Critical Care Limited

Independent Auditor's Report to the Members of Piramal Critical Care Limited

Opinion

We have audited the financial statements of Piramal Critical Care Limited (the 'Company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Piramal Critical Care Limited

Independent Auditor's Report to the Members of Piramal Critical Care Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 7], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Piramal Critical Care Limited

Independent Auditor's Report to the Members of Piramal Critical Care Limited (continued)

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations – this responsibility lies with management with the oversight of the Directors.

Based on our understanding of the Company and industry, discussions with management, we identified Companies Act 2006, Financial Reporting Standard 102, UK taxation legislation and the regulation around the pharmaceutical products sold by the company as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Board of directors minutes;
- enquiry of management and review and inspection of relevant correspondence with any legal firms;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

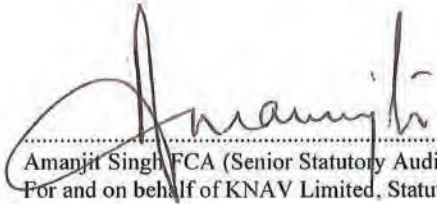
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Piramal Critical Care Limited

Independent Auditor's Report to the Members of Piramal Critical Care Limited (continued)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Amanjit Singh FCA (Senior Statutory Auditor)
For and on behalf of KNAV Limited, Statutory Auditor

Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Date: 17 March 2023

Piramal Critical Care Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 \$	2021 \$
Revenue	4	35,374,313	35,818,620
Cost of sales		<u>(20,233,821)</u>	<u>(22,892,891)</u>
Gross profit		15,140,492	12,925,729
Administrative expenses		(20,307,714)	(21,292,607)
Other operating income	5	<u>-</u>	<u>1</u>
Operating loss	6	<u>(5,167,222)</u>	<u>(8,366,877)</u>
Other interest receivable and similar income	7	725	1,607
Interest payable and similar expenses	8	<u>(8,095,216)</u>	<u>(6,012,209)</u>
		<u>(8,094,491)</u>	<u>(6,010,602)</u>
Loss before tax		(13,261,713)	(14,377,479)
Tax on loss	12	<u>465,680</u>	<u>353,017</u>
Loss for the financial year		<u><u>(12,796,033)</u></u>	<u><u>(14,024,462)</u></u>

The notes on pages 16 to 32 form an integral part of these financial statements.

Piramal Critical Care Limited

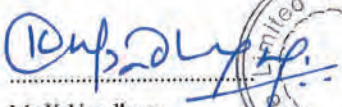
Statement of Comprehensive Income for the Year Ended 31 December 2022


	2022	2021
	\$	\$
Loss for the year	<u>(12,796,033)</u>	<u>(14,024,462)</u>
Total comprehensive income for the year	<u><u>(12,796,033)</u></u>	<u><u>(14,024,462)</u></u>

Piramal Critical Care Limited
(Registration number: 05160306)
Balance Sheet as at 31 December 2022

	Note	2022 \$	2021 \$
Fixed assets			
Intangible assets	13	113,670,102	123,053,149
Tangible assets	14	91,520	163,301
Investments	15	<u>1,081,787</u>	<u>1,081,787</u>
		<u>114,843,409</u>	<u>124,298,237</u>
Current assets			
Stocks	17	12,771,095	17,377,397
Debtors	18	11,151,908	12,927,817
Other financial assets	16	(20,877)	(11,721)
Cash at bank and in hand		<u>2,174,469</u>	<u>1,095,294</u>
		26,076,595	31,388,787
Creditors: Amounts falling due within one year	20	<u>(44,462,384)</u>	<u>(49,508,711)</u>
Net current liabilities		<u>(18,385,789)</u>	<u>(18,119,924)</u>
Total assets less current liabilities		96,457,620	106,178,313
Creditors: Amounts falling due after more than one year	20	<u>(98,399,052)</u>	<u>(95,323,712)</u>
Net (liabilities)/assets		<u>(1,941,432)</u>	<u>10,854,601</u>
Capital and reserves			
Called up share capital	22	11,904,960	11,904,960
Profit and loss account		<u>(13,846,392)</u>	<u>(1,050,359)</u>
Shareholders' (deficit)/funds		<u>(1,941,432)</u>	<u>10,854,601</u>

These financial statements were approved and authorised for issue by the Board on 17 March 2023 and signed on its behalf by:


 Mr K Upadhyay
 Director



Piramal Critical Care Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital	Profit and loss	Total
	\$	account	\$
At 1 January 2021	11,904,960	12,974,103	24,879,063
Loss for the year	-	(14,024,462)	(14,024,462)
Total comprehensive income	-	(14,024,462)	(14,024,462)
At 31 December 2021	<u>11,904,960</u>	<u>(1,050,359)</u>	<u>10,854,601</u>

	Share capital	Profit and loss	Total
	\$	account	\$
At 1 January 2022	11,904,960	(1,050,359)	10,854,601
Loss for the year	-	(12,796,033)	(12,796,033)
Total comprehensive income	-	(12,796,033)	(12,796,033)
At 31 December 2022	<u>11,904,960</u>	<u>(13,846,392)</u>	<u>(1,941,432)</u>

The notes on pages 16 to 32 form an integral part of these financial statements.

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The Company is a private company limited by share capital, incorporated in England, UK.

The address of its registered office is:

Suite 4, Ground Floor
Heathrow Boulevard East Wing
280 Bath Road
West Drayton
UB7 0DQ
United Kingdom

These financial statements were authorised for issue by the Board on 17 March 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and its ultimate parent company, Piramal Enterprises Limited, includes these in its own consolidated financial statements:

- the requirement to prepare a statement of cash flows;
- certain financial instrument disclosures;
- the non-disclosure of key management personnel compensation in total.

The functional and presentational currency is US dollars (\$), being the currency of the primary economic environment in which the company operates in.

Going concern

The directors have made an assessment and confirm that the Company will have sufficient funds, either through its operations, financing facilities available to it or funding from its intermediate parent company, Piramal Pharma Limited, to meet its liabilities as they fall due for that period. Piramal Pharma Limited has indicated its intention to continue to make available such funds to meet its liabilities as they fall due for the period of at least 12 months from the approval of the financial statements. Therefore, the directors have prepared the financial statements on a going concern basis.

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Exemption from preparing group accounts

The financial statements contain information about Piramal Critical Care Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Piramal Enterprises Limited, a company incorporated in India.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/vat added tax, returns, rebates and discounts.

Transition period (post acquisition of new products and business combinations)

The transition period refers to the period under the asset purchase agreement where the company is awaiting regulatory approval in various jurisdictions to sell the product under the Piramal brand. During the transition period post acquisition, the original party the product was acquired from continues to manufacture and sell the products on behalf of the company. The original party the product was acquired from is also obliged to continue the business operation as per the asset purchase agreements and performs all relevant activities on behalf of the company. The company bears all expenditure for the manufacture and sale of the products and any legal liability towards the product. As the principal, the company recognises sales, cost of sales and other relevant expenditure relating to the products at gross value based on the financial data provided by the original party. The transition period ended in September 2021.

Direct sales

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of goods, it is probable that the economic benefit will flow to the Company, the associated costs and possible return of goods can be estimated reliably, there is neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold and the amount of revenue can be measured reliably.

The goods are often sold with volume discounts/pricing incentives and customers have a right to return damaged or expired products.

Provisions for rebates and discounts are estimated and provided for in the year of sales and recorded as reduction of revenue.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Acquired intangible assets

Acquired intangible assets such as technical know-how and brands are recognised at fair value at the acquisition date. Subsequently, they are amortised over the finite useful economic life and reviewed annually for impairment.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life. The amortisation is in administrative expenses. The useful life is as follows:

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Asset class	Amortisation method and rate
Technical Know How	Straight line over 10 and 15 years
Other intangible assets	Not amortised when under development or awaiting regulatory approval
Brand	Straight line over 20 years

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short leasehold improvements	Straight line over 5 years
Plant and machinery	Straight line over 5 years

Financial instruments

Classification

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The company holds both basic and non-basic financial instruments, which comprise cash and cash equivalents, trade and other debtors, trade and other creditors, loan and other borrowings and equity investments.

The company has applied the measurement and recognition provisions of Section 11 Basic Financial Instruments in full for the basic financial instruments.

Investments

Investments in equity shares in subsidiary undertakings, which are not publicly traded and where fair value cannot be measured reliably, are measured at cost less impairment.

Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired.

For the purposes of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists or may have decreased, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Share based payments

FRS 102 section 26 "Share based Payment" requires the recognition of liabilities for cash settled share based payments at the current fair value at each balance sheet date.

The fair value of share awards relating to the ultimate parent undertaking, which ultimately vest, have been charged to that company's profit and loss account over the vesting or performance period. The proportion of this charge relating to services provided by employees to their employer Piramal Critical Care Limited is not considered by the directors to be material to the company. Therefore, no charge in respect of these options has been reflected on this company's financial statements.

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Derivative financial instruments and hedging

Derivatives

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Hedging

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or carrying amount of the asset or liability. Alternatively when hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

3 Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS102 requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, turnover, costs, expenses and other comprehensive income that are reported and disclosed in the financial statements and accompanying notes. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions are used as follows:

Provisions against impairment of intangible assets

Using information available at the balance sheet date, the Directors make assumptions on any indication that intangible asset has suffered an impairment loss. The impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's weighted average cost of capital. There was no impairment loss during the year (2021: \$Nil).

Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Revenue

The analysis of the Company's Revenue for the year from continuing operations is as follows:

	2022	2021
	\$	\$
Sale of goods	32,445,581	32,391,498
Rendering of services	2,928,732	3,427,122
	<u>35,374,313</u>	<u>35,818,620</u>

The analysis of the Company's Revenue for the year by market is as follows:

	2022	2021
	\$	\$
UK	6,425,911	8,703,713
Europe	8,610,127	5,100,871
Rest of world	20,338,275	22,014,036
	<u>35,374,313</u>	<u>35,818,620</u>

5 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2022	2021
	\$	\$
Miscellaneous other operating income	<u>-</u>	<u>1</u>

6 Operating loss

Arrived at after charging/(crediting)

	2022	2021
	\$	\$
Depreciation expense	71,780	88,306
Amortisation expense (included under administrative costs)	9,401,093	9,401,092
Regulatory fees	390,583	290,318
Foreign exchange losses	263,687	1,220,857
Operating lease expense - other	<u>595,236</u>	<u>881,141</u>

7 Other interest receivable and similar income

	2022	2021
	\$	\$
Other finance income from group	<u>725</u>	<u>1,607</u>

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Interest payable and similar expenses

	2022	2021
	\$	\$
Net gain on derivative	(281,164)	(165,838)
Interest on bank borrowings	7,407,623	5,932,333
Interest payable to group undertakings	968,757	245,714
	<u>8,095,216</u>	<u>6,012,209</u>

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	\$	\$
Wages and salaries	3,776,130	3,772,669
Social security costs	454,939	358,617
Pension costs, defined contribution scheme	355,487	344,874
Agency staff expense	767,896	934,660
	<u>5,354,452</u>	<u>5,410,820</u>

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Administration and support	20	15
Sales	11	10
Marketing	-	2
Management	4	4
	<u>35</u>	<u>31</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	\$	\$
Remuneration	665,974	460,225
Contributions paid to money purchase pension schemes	53,001	37,760
	<u>718,975</u>	<u>497,985</u>

Out of the total number of directors only three received remuneration from this Company.

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Directors' remuneration (continued)

In respect of the highest paid director:

	2022	2021
	\$	\$
Remuneration	304,170	-
Company contributions to money purchase pension schemes	<u>23,246</u>	<u>-</u>

11 Auditors' remuneration

	2022	2021
	\$	\$
Audit of the financial statements	<u>21,872</u>	<u>13,508</u>
Other fees to auditors		
Taxation compliance services	3,645	3,706
All other assurance services	<u>67,170</u>	<u>37,671</u>
	<u>70,815</u>	<u>41,377</u>

12 Taxation

Tax charged/(credited) in the profit and loss account

	2022	2021
	\$	\$
Current taxation		
UK corporation tax	(50,331)	-
UK corporation tax adjustment to prior periods	<u>(415,349)</u>	<u>(353,017)</u>
	<u>(465,680)</u>	<u>(353,017)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021: higher than the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Taxation (continued)

	2022 \$	2021 \$
Loss before tax	(13,261,713)	(14,377,479)
Corporation tax at standard rate	(2,519,725)	(2,731,721)
Effect of expense not deductible in determining taxable profit (tax loss)	133,029	848,750
Effect of tax losses	1,081,138	1,873,449
Decrease in UK current tax from losses carried back	(465,680)	(353,017)
Tax increase from effect of capital allowances and depreciation	1,305,558	9,522
Total tax credit	(465,680)	(353,017)

13 Intangible assets

	Technical Know How \$	Other intangible assets \$	Brand \$	Total \$
Cost				
At 1 January 2022	24,982,555	228,001	148,305,167	173,515,723
Additions acquired separately	-	18,045	-	18,045
At 31 December 2022	24,982,555	246,046	148,305,167	173,533,768
Amortisation				
At 1 January 2022	9,868,096	-	40,594,478	50,462,574
Amortisation charge	2,102,184	-	7,298,908	9,401,092
At 31 December 2022	11,970,280	-	47,893,386	59,863,666
Carrying amount				
At 31 December 2022	13,012,275	246,046	100,411,781	113,670,102
At 31 December 2021	15,114,459	228,001	107,710,689	123,053,149

The company continues to hold the Brand and Technical Know How of five anaesthesia and pain management injectable products (Net book value: \$105,305,317). The company estimated the useful life of these Brands as 20 years (14 years remaining) and Technical Know How as 10 years (4 years remaining).

The remaining Technical Know How is for Levothyroxine Sodium (Net book value: \$6,813,577) and Miglustat (Net book value: \$1,305,163) which are being amortised over 15 years (10 years remaining).

Other intangible assets includes in-licensing agreements of Lenalidomide, Tigecycline, Icatibant and Sunitinib. The company expects sales for these products to commence in the following year.

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Tangible assets

	Short leasehold improvements \$	Plant and machinery \$	Total \$
Cost			
At 1 January 2022	150,435	304,414	454,849
At 31 December 2022	150,435	304,414	454,849
Depreciation			
At 1 January 2022	129,906	161,642	291,548
Charge for the year	13,576	58,205	71,781
At 31 December 2022	143,482	219,847	363,329
Carrying amount			
At 31 December 2022	6,953	84,567	91,520
At 31 December 2021	20,529	142,772	163,301

15 Investments in subsidiaries

	2022 \$	2021 \$
Investments in subsidiaries	1,081,787	1,081,787
Subsidiaries		\$
Cost		
At 1 January 2022		1,081,787
At 31 December 2022		1,081,787
Carrying amount		
At 31 December 2022		1,081,787
At 31 December 2021		1,081,787

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Investments in subsidiaries (continued)

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Piramal Critical Care South Africa (PTY) Limited	300 Acacia Road Stonehill Office Park 2 Kiepersol House Ground Floor Darrenwood, Johannesburg South Africa	Ordinary shares	100%	100%
Piramal Critical Care Pty Ltd	C/o Regus Australia Management Pty Ltd Tower A The Zenith Level 20 821 Pacific Highway Chatswood NSW 2067 Australia	Ordinary shares	100%	100%

16 Other financial assets/(liabilities)

	Derivatives not used for hedging \$
Current financial assets/(liabilities)	
Cost or valuation	
At 1 January 2022	(11,721)
Fair value adjustments	<u>(9,156)</u>
At 31 December 2022	<u>(20,877)</u>
Carrying amount	
At 31 December 2022	<u>(20,877)</u>
At 31 December 2021	<u>(11,721)</u>

17 Stocks

	2022 \$	2021 \$
Raw materials and consumables	8,836,168	5,636,144
Work in progress	2,034,403	3,395,222
Finished goods and goods for resale	<u>1,900,524</u>	<u>8,346,031</u>
	<u>12,771,095</u>	<u>17,377,397</u>

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

18 Debtors

Current	Note	2022 \$	2021 \$
Trade debtors		4,432,324	6,068,599
Amounts owed by related parties	26	2,311,625	2,690,508
Other debtors		3,416,700	3,393,323
Prepayments		577,404	775,387
Corporation tax recoverable	12	413,855	-
		<u>11,151,908</u>	<u>12,927,817</u>

Included within other debtors are payments in advance to suppliers totalling USD 3,076,721 (2021: USD 3,331,040) which are classified as non-current.

Also included within other debtors is a deposit with Barclays of USD 185,638 (EUR 198,001) given as a guarantee on behalf of a related party. The guarantee was given to cover court fees for an ongoing case and if the related party were to lose the case and the fees become payable, the Company will recover these costs from the related party.

Included within prepayments is USD 208,846 (2021: USD 375,451) which are classified as non-current.

19 Cash and cash equivalents

	2022 \$	2021 \$
Cash at bank	<u>2,174,469</u>	<u>1,095,294</u>

20 Creditors

	Note	2022 \$	2021 \$
Due within one year			
Loans and borrowings	21	19,252,288	21,109,016
Trade creditors		516,879	1,742,641
Amounts due to related parties	26	19,388,907	20,613,699
Social security and other taxes		302,066	253,372
Other payables		67,346	360,602
Accrued expenses		4,934,898	5,379,050
Corporation tax payable	12	-	50,331
		<u>44,462,384</u>	<u>49,508,711</u>

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

20 Creditors (continued)

	Note	2022 \$	2021 \$
Due after one year			
Loans and borrowings	21	69,989,052	89,323,712
Other non-current financial liabilities		<u>28,410,000</u>	<u>6,000,000</u>
		<u>98,399,052</u>	<u>95,323,712</u>

The amount owed to group undertakings includes short term loan taken from group undertaking. The other non-current financial liabilities are loans from group undertakings. The loans are interest bearing and unsecured.

21 Loans and borrowings

	2022 \$	2021 \$
Non-current loans and borrowings		
Bank borrowings	<u>69,989,052</u>	<u>89,323,712</u>

	2022 \$	2021 \$
Current loans and borrowings		
Bank borrowings	19,242,214	18,554,252
Bank overdrafts	<u>10,074</u>	<u>2,554,764</u>
	<u>19,252,288</u>	<u>21,109,016</u>

Bank borrowings

The loan of USD 115 million (2021: USD 115 million) is denominated in USD with a nominal interest rate of 3M LIBOR plus 2.6%. There are fixed and floating charges over certain assets of the company. The ultimate parent company has also provided a guarantee for the loan. The effective interest rate method is being used for calculating the loan balance.

22 Share capital

Allotted, called up and fully paid shares

	2022 No.	\$	2021 No.	\$
Ordinary shares of £1 each	<u>9,600,000</u>	<u>11,904,960</u>	<u>9,600,000</u>	<u>11,904,960</u>

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

23 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	\$	\$
Not later than one year	345,278	551,613
Later than one year and not later than five years	311,168	736,928
	<u>656,446</u>	<u>1,288,541</u>

24 Commitments

Other financial commitments

The company has committed to procure 48 million units of product from a supplier over the next four years.

The total amount of other financial commitments not provided in the financial statements was \$Nil (2021: \$Nil).

25 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to \$355,487 (2021: \$344,874).

Contributions totalling \$30,696 (2021: \$Nil) were payable to the scheme at the end of the year and are included in creditors.

26 Related party transactions

Summary of transactions with other related parties

The company has taken advantage of the exemptions available in FRS 102 from disclosing related party transactions with other companies that are wholly owned within the group.

Piramal Critical Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

27 Parent and ultimate parent undertaking

The Company's immediate parent is Piramal Dutch Holdings N.V., incorporated in Netherlands.

The ultimate parent is Piramal Enterprises Limited, incorporated in India.

The most senior parent entity producing publicly available financial statements is Piramal Enterprises Limited. These financial statements are available upon request from:

Piramal Ananta,
Agastya Corporate Park,
LBS Marg,
Opposite Fire Brigade,
Sunder Baug Lane
Kamani Junction,
Kurla West,
Mumbai 400 070
India.

Also available from www.piramal.com.

There is no one controlling party.

Piramal Critical Care Limited

Detailed Profit and Loss Account for the Year Ended 31 December 2022

	2022 \$	2021 \$
Revenue (analysed below)	35,374,313	35,818,620
Cost of sales (analysed below)	<u>(20,233,821)</u>	<u>(22,892,891)</u>
Gross profit	<u>15,140,492</u>	<u>12,925,729</u>
Gross profit (%)	42.8%	36.09%
Administrative expenses		
Employment costs (analysed below)	(5,581,754)	(5,621,803)
Establishment costs (analysed below)	(646,432)	(711,299)
General administrative expenses (analysed below)	(3,965,173)	(4,901,970)
Finance charges (analysed below)	(641,482)	(568,137)
Depreciation costs (analysed below)	<u>(9,472,873)</u>	<u>(9,489,398)</u>
	(20,307,714)	(21,292,607)
Other operating income (analysed below)	<u>-</u>	<u>1</u>
Operating loss	<u>(5,167,222)</u>	<u>(8,366,877)</u>
Other interest receivable and similar income (analysed below)	725	1,607
Interest payable and similar charges (analysed below)	<u>(8,095,216)</u>	<u>(6,012,209)</u>
	<u>(8,094,491)</u>	<u>(6,010,602)</u>
Loss before tax	<u><u>(13,261,713)</u></u>	<u><u>(14,377,479)</u></u>

Piramal Critical Care Limited

Detailed Profit and Loss Account for the Year Ended 31 December 2022 (continued)

	2022 \$	2021 \$
Revenue		
Sale of goods, UK	6,180,755	8,703,713
Rendering of services, UK	245,156	-
Sale of goods, Europe	6,373,851	1,673,749
Rendering of services, Europe	2,236,276	3,427,122
Sale of goods, rest of world	19,890,975	22,014,036
Rendering of services, rest of world	447,300	-
	<u>35,374,313</u>	<u>35,818,620</u>
Cost of sales		
Opening raw materials	(5,636,144)	(3,822,973)
Opening work in progress	(3,395,222)	(143,083)
Opening finished goods	(8,313,663)	(5,642,127)
Purchases	(11,393,419)	(26,296,701)
Direct costs	(2,858,651)	(1,589,799)
Closing raw materials	8,836,168	5,636,144
Closing work in progress	2,034,403	3,395,222
Closing finished goods	1,900,524	8,346,031
Freight and carriage	(1,407,817)	(2,775,605)
	<u>(20,233,821)</u>	<u>(22,892,891)</u>
Employment costs		
Wages and salaries	(3,110,156)	(3,312,444)
Staff NIC (Employers)	(369,598)	(303,212)
Directors remuneration	(665,974)	(460,225)
Directors NIC (Employers)	(85,341)	(55,405)
Staff pensions (Defined contribution)	(302,486)	(307,114)
Directors pensions (Defined contribution)	(53,001)	(37,760)
Subcontract cost	(227,302)	(210,983)
Casual wages	(714,197)	(879,031)
Staff training	(3,973)	(18,598)
Staff welfare	(49,726)	(37,031)
	<u>(5,581,754)</u>	<u>(5,621,803)</u>
Establishment costs		
Rent	(149,388)	(163,983)
Rates	(43,860)	(15,766)
Light, heat and power	(8,134)	(2,351)
Insurance	(66,179)	(83,464)
Repairs and maintenance	(378,871)	(445,735)
	<u>(646,432)</u>	<u>(711,299)</u>

This page does not form part of the statutory financial statements.

Piramal Critical Care Limited

Detailed Profit and Loss Account for the Year Ended 31 December 2022 (continued)

	2022 \$	2021 \$
General administrative expenses		
Telephone and fax	(46,220)	(51,142)
Computer software and maintenance costs	(22,890)	(37,588)
Printing, postage and stationery	(10,517)	(9,864)
Trade subscriptions	(30,510)	(27,383)
Hire of other assets (Operating leases)	(595,236)	(881,141)
Sundry expenses	(6,053)	(6,183)
Cleaning	(14,088)	(10,518)
Regulatory fees	(390,583)	(290,318)
Travel and subsistence	(194,920)	(67,064)
Advertising	(1,130,643)	(1,010,071)
Auditor's remuneration - The audit of the company's annual accounts	(21,872)	(13,508)
Auditor's remuneration - Tax services	(3,645)	(3,706)
Auditor's remuneration - Other services	(67,170)	(37,671)
Legal and professional fees	(662,766)	(592,080)
Royalties payable	(555,163)	(825,425)
Bad debts written off	50,790	182,549
Foreign currency gains/(losses) - operating expense	(263,687)	(1,220,857)
	<u>(3,965,173)</u>	<u>(4,901,970)</u>
Finance charges		
Bank charges	(70,857)	(54,204)
Borrowing costs	(570,625)	(513,933)
	<u>(641,482)</u>	<u>(568,137)</u>
Depreciation costs		
Amortisation- Technical Know How	(2,102,184)	(2,097,326)
Amortisation - Brand	(7,298,909)	(7,303,766)
Depreciation of short leasehold property	(13,575)	(30,101)
Depreciation of plant and machinery (owned)	(58,205)	(58,205)
	<u>(9,472,873)</u>	<u>(9,489,398)</u>
Other operating income		
Miscellaneous other operating income	-	1
Operating loss	<u>(5,167,222)</u>	<u>(8,366,877)</u>
Other interest receivable and similar income		
Other interest receivable	725	1,607

Piramal Critical Care Limited

Detailed Profit and Loss Account for the Year Ended 31 December 2022 (continued)

	2022 \$	2021 \$
Interest payable and similar charges		
Bank loan interest payable	(7,407,623)	(5,932,333)
Net gain on derivative	281,164	165,838
Interest payable to group undertakings	<u>(968,757)</u>	<u>(245,714)</u>
	<u>(8,095,216)</u>	<u>(6,012,209)</u>
Net finance cost	<u>(8,094,491)</u>	<u>(6,010,602)</u>
Loss before tax	<u><u>(13,261,713)</u></u>	<u><u>(14,377,479)</u></u>

Registration number: 05370591

Piramal Healthcare UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

KNAV Limited
Statutory Auditors
Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Piramal Healthcare UK Limited

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Piramal Healthcare UK Limited

Company Information

Directors Mr T B Cooke
 Mr C Leahy
 Mr V Valsaraj
 Mr J Mclean
 Mr P D Deyoung
 Mr P A Stevenson

Company secretary Mr C Leahy

Registered office Whalton Road
 Morpeth
 Northumberland
 NE61 3YA

Auditors KNAV Limited
 Statutory Auditors
 Hygeia Building
 Ground Floor
 66-68 College Road
 Harrow
 Middlesex
 HA1 1BE

Piramal Healthcare UK Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the company is that of distribution, manufacturing and packaging of chemical intermediates and finished products for the pharmaceutical industry.

Fair review of the business

The core strategy of the company remains the growth of the pharmaceutical contract development and manufacturing businesses at both the Morpeth and Grangemouth facilities, the former specialising in APIs and oral solids with Grangemouth having a niche capability in Antibody Drug Conjugation (ADC). Growth is achieved through securing and transferring new commercial products from the global customer base in addition to moving clinical programmes through the various stages of clinical trials towards commercial launch. The Company also develops and supplies a range of pharmaceutical products to global markets. These products are at various stages of the development cycle and for those products which have achieved regulatory approval, commercial sales are recognised in the accounts.

The loss for the year, after taxation, amounted to £4,595,423 (2021: Profit £3,776,810).

	2022	2021	Change
	£'000	£'000	£'000
Turnover	81,654	72,632	9,022
(Loss)/Profit before tax	(4,509)	4,255	(8,764)
Head count	586	582	4

Key financial and non-financial performance indicators used to assess performance are turnover, profit and headcount. These are reported in the management accounts and reviewed by the Board and key stakeholders on a monthly basis.

Turnover was up 12% from £72.6m to £81.6m compared to 2021, driven by growth in the ADC business at Grangemouth. However, profitability dropped by £8.8m due to one time other income of £12m earned in 2021 (settlement gain relating to a US launch) that did not repeat in 2022. Headcount grew by four during the year, due to normal operational requirements, mostly at Grangemouth.

The Directors expect revenues and profit in 2023 to improve over 2022 due to the continued improvement in the ADC order pipeline for the Grangemouth site, building over the gains made in 2022 coupled with the planned opening of the new ADC plant in Q4 2023.

External debt (Bank Loans, Bank Overdrafts and Invoice Financing Facilities less Cash at Bank) increased from £3.7m in 2021 to £25.1m in 2022 as a result of the company's investment into capital expenditure at both Morpeth and Grangemouth.

Piramal Healthcare UK Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties

The company, in conjunction with the ultimate parent company, has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company. The policies set out by the board and agreed with the ultimate parent company are implemented by the company's directors.

The directors monitor performance through the production of management accounts on a monthly basis. Additionally, the directors monitor key performance indicators on a monthly basis to ensure they are within acceptable parameters. These include revenue, operating profits, earnings before interest tax and amortisation (EBITDA), working capital, customer service, cash flows from operating activities and headcount.

Risks considered by management include the following:

Credit risk

The company has implemented policies that require appropriate credit checks on customers before sales are made to minimise the risk of financial loss.

Liquidity risk

The company maintains sufficient funds and generates cash from operations to meet working capital requirements. The company has access to short term financing options with the bank and if required, finance facilities from fellow group undertakings. The company regularly monitors and reports compliance with bank covenants and undertakes regular cash flow forecasting in order to ensure working capital requirements are met.

Regulatory risk

The pharmaceutical industry in general is highly regulated both nationally and internationally. The company ensures adherence of these regulations and its supply chain is also encouraged to do the same.

Foreign exchange risk

The company has the risk of foreign currency fluctuations associated with U.S. Dollar and Euro dominated transactions both from the sale and purchases of products. This is monitored closely by management, however, due to a high portion of the business being naturally hedged, the company is not overly exposed to currency fluctuations.

Macroeconomic and geopolitical risks

The Company continues to monitor macroeconomic and geopolitical risks on a regular basis. The company specifically monitors how this could impact the sale and testing of pharmaceutical products from the UK to other countries. One approach the company has taken in safeguarding themselves and their key stakeholders (e.g. customers, suppliers etc.), is setting up a quality control facility in the Netherlands to ensure and uninterrupted supply of products to customers.

Piramal Healthcare UK Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172(1) statement

The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
 - the interests of the Company's employees;
 - the need to foster the Company's business relationships with suppliers, customers and others;
 - the impact of the Company's operations on the community and the environment;
 - the desirability of the Company maintaining a reputation for high standards of business conduct; and
 - the need to act fairly as between members of the Company,
- (the "s.172(1) Matters").

The following paragraphs summarise how the Directors' fulfil their duties:

1. Our strategic plans are designed to have a long-term beneficial impact on the company and the group at large.
2. Our employees are critical to the delivery of our plans. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.
3. Our global suppliers are vital to our Supply Chain and ability to serve our customers. We value all of our suppliers as an extension of our enterprise, and have several multi-year contracts with our key suppliers to ensure that we maintain strong relationships with them and to provide continued high quality products to our customers. The directors recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values. The directors continuously monitor the impact of any decision taken, on their stakeholders, including suppliers, customers and others.
4. The Piramal group as a whole has core values of Knowledge, Action, Care & Impact which are embedded in the group and its subsidiaries. We support several social causes and provide high quality pharmaceutical products to multiple countries around the world.
5. As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours.
6. Communication with our shareholder is important for the Board. By maintaining dialogue with our shareholder, we aim to ensure that their views are heard and that our objectives are understood.

This report was approved by the Board on 14 APRIL 2023 and signed on its behalf by:



Mr C Leahy
Director

Piramal Healthcare UK Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors of the company

The directors who held office during the year were as follows:

Mr T B Cooke

Mr C Leahy

Mr V Valsaraj

Mr J Mclean

Mr P D Deyoung

Mr P A Stevenson (appointed 18 October 2022)

Results and dividends

The Company's financial results have been discussed in the Strategic Report. During the year no dividends have been paid or declared (2020: No dividends had been paid or declared).

Financial risk management

Objectives and policies

The directors make use of the ultimate parent company's risk management team to monitor and where possible mitigate the risks faced by the business. The Directors' have identified and included the Company's key risks and associated management policies in the Strategic Report on pages 2 & 3.

Political donations

The Company made no political donations during the year (2021: £Nil).

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. The employees (or their representatives) are consulted regularly on a wide range of matters affecting their current and future interests.

Future developments

Please refer to the Strategic Report on page 2.

Research and development

The company is committed to a program of continued improvement of the existing product range; refer to note 12 for further details.

Piramal Healthcare UK Limited

Directors' Report for the Year Ended 31 December 2022 (continued)


Statement of engagement with suppliers, customers and others in a business

Please refer to the Strategic Report on page 4.

Reappointment of auditors

The auditors KNAV Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the Board on 14 APRIL 2023 and signed on its behalf by:



Mr C Leahy
Director

Piramal Healthcare UK Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the auditors are unaware.

Piramal Healthcare UK Limited

Independent Auditor's Report to the Members of Piramal Healthcare UK Limited

We have audited the financial statements of Piramal Healthcare UK Limited (the 'company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Piramal Healthcare UK Limited

Independent Auditor's Report to the Members of Piramal Healthcare UK Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 7], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Piramal Healthcare UK Limited

Independent Auditor's Report to the Members of Piramal Healthcare UK Limited (continued)

Extent to which the audit is capable of detecting irregularities, including fraud

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations – this responsibility lies with management with the oversight of the Directors.

Based on our understanding of the Company and industry, discussions with management, we identified Companies Act 2006, Financial Reporting Standard 102, UK taxation legislation and the regulation around the pharmaceutical products sold by the company as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Board of directors minutes;
- enquiry of management and review and inspection of relevant correspondence with any legal firms;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

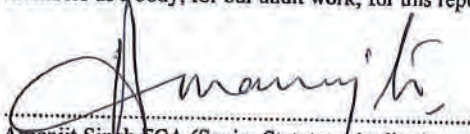
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Piramal Healthcare UK Limited

**Independent Auditor's Report to the Members of Piramal Healthcare UK Limited
(continued)**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Amanjit Singh FCA (Senior Statutory Auditor)
For and on behalf of KNAV Limited, Statutory Auditor

Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Date: 14 April 2023

2023-16-UK

Piramal Healthcare UK Limited

Profit and Loss Account for the Year Ended 31 December 2022


	Note	2022 £	2021 £
Turnover	4	81,654,121	72,632,421
Cost of sales		<u>(39,831,001)</u>	<u>(38,132,591)</u>
Gross profit		41,823,120	34,499,830
Distribution costs		(1,265,911)	(1,043,780)
Administration expenses		(49,460,085)	(44,515,724)
Other operating income	5	<u>4,945,184</u>	<u>15,833,416</u>
Operating (loss)/profit	6	(3,957,692)	4,773,742
Interest payable and similar expenses	7	<u>(551,661)</u>	<u>(518,642)</u>
(Loss)/profit before tax		(4,509,353)	4,255,100
Taxation	11	<u>(86,070)</u>	<u>(478,290)</u>
(Loss)/profit for the financial year		<u><u>(4,595,423)</u></u>	<u><u>3,776,810</u></u>

The notes on pages 15 to 42 form an integral part of these financial statements.

Piramal Healthcare UK Limited
(Registration number: 05370591)
Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	17,988,596	18,544,401
Tangible assets	13	<u>73,503,577</u>	<u>44,631,991</u>
		<u>91,492,173</u>	<u>63,176,392</u>
Current assets			
Stocks	15	25,941,593	26,123,228
Debtors due within one year	16	34,278,028	22,924,320
Debtors due after more than one year	16	58,351	7,328,848
Cash at bank and in hand	17	<u>1,214</u>	<u>8,710,081</u>
		60,279,186	65,086,477
Creditors: Amounts falling due within one year	18	<u>(53,587,211)</u>	<u>(45,387,940)</u>
Net current assets		<u>6,691,975</u>	<u>19,698,537</u>
Total assets less current liabilities		98,184,148	82,874,929
Creditors: Amounts falling due after more than one year	18	<u>(34,919,534)</u>	<u>(15,014,892)</u>
Net assets		<u>63,264,614</u>	<u>67,860,037</u>
Capital and reserves			
Called up share capital	20	23,232,501	23,232,501
Profit and loss account		<u>40,032,113</u>	<u>44,627,536</u>
Total equity		<u>63,264,614</u>	<u>67,860,037</u>

The financial statements were approved and authorised for issue by the Board on 14 APRIL 2023 and signed on its behalf by:



Mr C Leahy
Director

Piramal Healthcare UK Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Retained earnings £	Total £
At 1 January 2021	23,232,501	40,850,726	64,083,227
Profit for the year	-	3,776,810	3,776,810
Total comprehensive income	-	3,776,810	3,776,810
At 31 December 2021	<u>23,232,501</u>	<u>44,627,536</u>	<u>67,860,037</u>

	Share capital £	Retained earnings £	Total £
At 1 January 2022	23,232,501	44,627,536	67,860,037
Loss for the year	-	(4,595,423)	(4,595,423)
Total comprehensive income	-	(4,595,423)	(4,595,423)
At 31 December 2022	<u>23,232,501</u>	<u>40,032,113</u>	<u>63,264,614</u>

Share capital: This represents the nominal value of equity shares in issue.

Retained earnings: This represents the accumulated profits and losses since inception of the business.

The notes on pages 15 to 42 form an integral part of these financial statements.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The principal activity of the company is that of distribution, manufacturing and packaging of chemical intermediates and finished products for the pharmaceutical industry.

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

Whalton Road

Morpeth

Northumberland

NE61 3YA

United Kingdom

These financial statements were authorised for issue by the Board on 14 April 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and the Companies Act 2006.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and its ultimate parent company, Piramal Enterprises Limited, includes these in its own consolidated financial statements:

- the requirement to prepare a statement of cash flows;
- certain financial instrument disclosures;
- from disclosing the company key management personnel compensation.

The functional and presentational currency is Pound Sterling (£), being the currency of the primary economic environment in which the company operates in.

Exemption from preparing group accounts

The company has taken advantage of Section 405(2) of the Companies Act 2006 and is not required to produce, and has not published consolidated accounts, as its subsidiary undertaking is dormant and the effect of consolidating would be immaterial. The financial statements therefore contain information about Piramal Healthcare UK Limited as an individual company and not about its group.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Name of ultimate parent of group

These financial statements are consolidated in the financial statements of Piramal Enterprises Limited.

The financial statements of Piramal Enterprises Limited may be obtained from: Piramal Ananta,
Agastya Corporate Park,
Opposite Fire Brigade,
Kamani Junction,
LBS Marg, Kurla (West),
Mumbai -400 070
India.

Also available from: www.piramal.com

Going concern

The directors have assessed and confirmed that the company will be able to meet its liabilities as they fall due for at least the next 12 months from the approval of the financial statements. This assessment is based on the funds generated from the company's operations and the availability of financing facilities. As a result, the financial statements have been prepared on a going concern basis.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/vat added tax, returns, rebates and discounts.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. The specific recognition criteria described below must also be met before turnover is recognised.

Sale of goods

Turnover is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, either at the point of despatch, receipt, or another point determined by the commercial agreement and international commercial terms adopted for a particular sale. For goods sold under profit sharing arrangements, turnover is recognised on a quarterly basis in line with the contractual agreements in place.

Sale of development services

Turnover is based on previously agreed contractual terms with customers and is recognised on the achievement of agreed milestones outlined in the contract.

Government grants and other contributions

Government grants and other contributions received on tangible capital expenditure are credited to a deferred income account and are released to the profit and loss account over the useful economic lives of the relevant assets or over the life of the commercial contract in place for a particular asset once they are put to use. The company has applied the accrual model.

For contributions received towards the development of pharmaceutical products, the Company has also adopted the accruals model and is releasing this to the profit and loss in a similar manner, as mentioned above.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Other income

Other income also includes provisions made for Research and Development expenditure credits receivable from HM Revenue & Customs. This has been recognised to the extent where management are reasonably certain that the claim will be accepted by HM Revenue & Customs and the amount provided for is based on management's best estimate and workings that are in line with previously accepted claims by HM Revenue & Customs.

Functional and presentational currency

The company's functional and presentational currency is UK Sterling.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets are capitalised as part of the cost of that asset. The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Buildings	Straight line over 10 years and 33 years
Plant and machinery	Straight line over 5 years, 10 years and 12 years, depending on the use or commercial contract in place for a particular asset

Land and assets in the course of construction are stated at cost and are not depreciated. Assets in the course of construction are depreciated only once they become available for use.

The carrying values of tangible fixed assets are reviewed annually (at the period end) for impairment or earlier if there is a change in circumstances, that indicate the carrying value of the asset may no longer be recoverable.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Intangible assets

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be reliably measured on initial recognition. Intangible assets are amortised on a straight line basis over their estimated useful economic lives. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Research and development

Expenditure on research activities are undertaken with the prospect of gaining new scientific or technical knowledge and understanding. These are recognised as an expense in the profit and loss as and when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. An internally-generated intangible asset arising from development is recognised if and only if all of the following have been demonstrated:

- development costs can be measured reliably;
- the product or process is technically and commercially feasible;
- future economic benefits are probable; and
- the company intends to and has sufficient resources (financial, technical and others) to complete development and to use or sell the asset.

The expenditure to be capitalised includes the cost of labour, materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures that do not meet these criteria are recognised as an expense in the profit and loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalised since the probability of expected future economic benefits criterion is always considered to be satisfied as they would be for separately acquired intangible assets.

Research and development intangible assets which are under development, are recognised as In-Process Research and Development assets ("IPR&D"). IPR&D assets are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable or the costs being capitalised no longer meet the recognition criteria set out above. Any such charge on IPR&D assets are recognised in profit or loss.

IPR&D assets are tested for impairment annually, or more frequently when there is an indication that the assets may be impaired. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable.

Amortisation is recognised on a straight-line basis over 5 years or (if shorter) the life of the commercial agreement in place for that product, once it is available for commercial use. Intangible assets that are not available for commercial use are amortised from the date they are available for commercial use.

Any changes in the estimated useful life and the amortisation method for intangible assets with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes being accounted for on a prospective basis.

Investments

Investments in equity shares in subsidiary undertakings, which are not publicly traded and where fair value cannot be measured reliably, are measured at cost less accumulated impairment.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

The cost of raw materials is determined by using moving average prices. The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Capital spares

Capital spares are those major spare parts purchased specifically for plant and machinery and are expected to be used over more than one accounting period; these are capitalised as plant and machinery. If they are not expected to be used over more than one period, the spare parts are recognised as stock. Capital spares are fully depreciated once the spare part is put into use.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Leases

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Defined benefit pension obligation

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the balance sheet in respect of the defined benefit plan is the present value of the plan assets at the reporting date less the fair value of the defined benefit obligation at the end of the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Financial instruments

Classification

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans from related parties.

Recognition and measurement

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms of financed at a rate of interest that is not a market rate or in case of an out-right short term loan not at a market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Impairment

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured as amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discounted rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Derivative financial instruments and hedging

Derivatives

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Hedging

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or carrying amount of the asset or liability. Alternatively when hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

3 Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS102 requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, turnover, costs, expenses and other comprehensive income that are reported and disclosed in the financial statements and accompanying notes. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions are used as follows:

Provisions against impairment of intangible assets

Using information available at the balance sheet date, the Directors make assumptions on any indication that intangible asset has suffered an impairment loss. The impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's weighted average cost of capital.

Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	41,421,582	45,331,490
Rendering of services	40,232,539	27,300,931
	<u>81,654,121</u>	<u>72,632,421</u>

The analysis of the company's Turnover for the year by market is as follows:

	2022	2021
	£	£
UK	4,596,637	4,845,688
Europe	34,544,071	34,468,762
Rest of world	42,513,413	33,317,971
	<u>81,654,121</u>	<u>72,632,421</u>

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022	2021
	£	£
Government grants and other subsidies	4,031,164	3,438,872
Other income	452,117	11,990,666
Research and development expenditure credit	461,903	403,878
	<u>4,945,184</u>	<u>15,833,416</u>

Other income in the previous year represents a one-time settlement gain relating to a US product launch.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

6 Operating (loss)/profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	6,656,719	5,696,478
Amortisation expense	3,458,813	2,487,385
Foreign exchange gains	(3,256,339)	(1,996,180)
Operating lease expense - plant and machinery	360,798	329,970
Operating lease expense - other	259,305	352,998
Loss on disposal of property, plant and equipment	<u>32,359</u>	<u>-</u>

Included within foreign exchange gains above is a MTM gain of £2,168,514 relating to several forward currency exchange contracts entered into during the year (refer to note 16 for further details).

7 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	328,032	343,787
Interest payable to fellow group undertakings	<u>223,629</u>	<u>174,855</u>
	<u>551,661</u>	<u>518,642</u>

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	26,849,069	25,057,471
Social security costs	2,575,336	2,327,655
Pension costs	1,873,855	1,825,245
Other employee expense	388,136	330,007
	<u>31,686,396</u>	<u>29,540,378</u>

The average monthly number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Production	418	423
Administration and support	117	113
Research and development	45	41
Sales, marketing and distribution	6	5
	<u>586</u>	<u>582</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	701,158	767,193
Contributions paid to money purchase schemes	29,595	28,011
	<u>730,753</u>	<u>795,204</u>

Directors' remuneration includes contributions to private healthcare schemes.

In respect of the highest paid director:

	2022	2021
	£	£
Remuneration	<u>298,279</u>	<u>300,800</u>

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>49,500</u>	<u>57,500</u>
Other fees to auditors		
Audit-related assurance services	40,500	40,500
All other non-audit services	<u>2,750</u>	<u>2,500</u>
	<u>43,250</u>	<u>43,000</u>

11 Taxation

Tax charged/(credited) in the profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	86,070	93,290
Deferred taxation		
Arising from origination and reversal of timing differences	<u>-</u>	<u>385,000</u>
Tax expense in the income statement	<u>86,070</u>	<u>478,290</u>

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021: lower than the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	2022 £	2021 £
(Loss)/profit before tax	(4,509,353)	4,255,100
Corporation tax at standard rate	(856,777)	808,469
Effect of expense not deductible in determining taxable profit (tax loss)	1,877	14,983
Deferred tax credit from unrecognised temporary difference from a prior period	(85,902)	-
Tax decrease from effect of capital allowances and depreciation	(1,739,771)	(80,263)
Tax decrease from other short-term timing differences	-	(1,013,500)
Tax increase from effect of unrelieved tax losses carried forward	2,681,732	628,500
Tax increase from effect of adjustment in research and development tax credit	86,070	93,290
Other tax effects for reconciliation between accounting profit and tax expense (income)	(1,159)	26,811
Total tax charge	86,070	478,290
Deferred tax		
Deferred tax assets and liabilities		
	Asset £	Liability £
2022		
Unutilised losses carried forward	2,599,500	-
Fixed asset timing differences	-	629,500
	2,599,500	629,500
	Asset £	Liability £
2021		
Unutilised losses carried forward	2,599,500	-
Fixed asset timing differences	-	629,500
	2,599,500	629,500

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Taxation (continued)

The company has tax losses of £16,082,876 (2021: £9,646,396) carried forward for use against future profits of the same trade, plus non trade loan relationship debits of £843,848 (2021: £843,848) carried forward for use against future non-trading activities. A deferred tax asset in respect of tax losses has been recognised as the directors consider it is more likely than not that there will be suitable taxable profits arising from which the future reversal of the underlying timing differences can be deducted. Further, these tax losses are available indefinitely.

A deferred tax asset of £1,632,181 (2021: £210,962) have not been recognised as it does not meet the recognition criteria of FRS 102.

The tax written down value of eligible capital expenditure is lower than the net book value of these items in the financial statements by £2,517,879 (2021: £2,518,034). A deferred tax liability has been recognised on the timing differences arising between the net book value of eligible assets per the financial statements and the tax written down value of these assets for tax purposes.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Intangible assets

	(Restated) Products developed and in commercial use £	(Restated) Products under development £	Total £
Cost			
At 1 January 2022	13,113,484	10,062,962	23,176,446
Additions	-	2,085,831	2,085,831
Additions acquired separately	817,177	-	817,177
Transfers	236,161	(236,161)	-
At 31 December 2022	<u>14,166,822</u>	<u>11,912,632</u>	<u>26,079,454</u>
Amortisation			
At 1 January 2022	4,632,045	-	4,632,045
Amortisation charge	3,458,813	-	3,458,813
At 31 December 2022	<u>8,090,858</u>	<u>-</u>	<u>8,090,858</u>
Carrying amount			
At 31 December 2022	<u>6,075,964</u>	<u>11,912,632</u>	<u>17,988,596</u>
At 31 December 2021	<u>8,481,439</u>	<u>10,062,962</u>	<u>18,544,401</u>

• Products under development consist of qualifying expenditure incurred by the Company on the external development of pharmaceutical products which, once completed and regulatory approval is achieved, will be available for commercial use. Once development is completed and regulatory approval is achieved, the gross carrying amount of the product developed is transferred to "Products developed and in commercial use".

• Products included under "Products developed and in commercial use" are amortised over 5 years or (if shorter) the life of the commercial agreement (with a marketing partner) for that product.

• The company have reviewed the costs attributed to the "Products developed and in commercial use" and "Products under development" and have assessed that certain expenditure previously incurred should be expensed to the profit and loss account. This movement has been reflected as "other adjustments".

• The brought forward cost of "Products developed and in commercial use" and "Products under development" have been restated to reflect development costs incorrectly transferred (£750k), as they were not available for commercial use. There is no other impact to the financial statements as a result of this reclassification of development costs.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Tangible assets

	Land and buildings £	Plant and machinery £	Plant & Machinery under construction £	Total £
Cost or valuation				
At 1 January 2022	10,683,024	53,378,174	12,407,634	76,468,832
Additions	-	117,165	35,443,499	35,560,664
Disposals	-	(189,150)	-	(189,150)
Transfers	625,743	7,294,247	(7,919,990)	-
At 31 December 2022	<u>11,308,767</u>	<u>60,600,436</u>	<u>39,931,143</u>	<u>111,840,346</u>
Depreciation				
At 1 January 2022	1,952,655	29,884,186	-	31,836,841
Charge for the year	436,913	6,219,806	-	6,656,719
Eliminated on disposal	-	(156,791)	-	(156,791)
At 31 December 2022	<u>2,389,568</u>	<u>35,947,201</u>	<u>-</u>	<u>38,336,769</u>
Carrying amount				
At 31 December 2022	<u>8,919,199</u>	<u>24,653,235</u>	<u>39,931,143</u>	<u>73,503,577</u>
At 31 December 2021	<u>8,730,369</u>	<u>23,493,988</u>	<u>12,407,634</u>	<u>44,631,991</u>

Included within the net book value of land and buildings above is £8,664,386 (2021: £8,510,862) in respect of freehold land and buildings. The value of land included of £7,435,778 (2021: £7,435,778) is not subject to depreciation.

The net carrying amount of assets held under finance leases included in plant & machinery is £820,783 (2021: £933,509).

Included within the additions to Plant and Machinery under construction during the year, are capitalised loan interest costs of £269,526 which are directly attributable assets being constructed by the company.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Investments

Unquoted investments	£
Cost	
At 1 January 2022	1
Provision	
At 1 January 2022	1
Carrying amount	
At 31 December 2022	-
At 31 December 2021	-

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Piramal Healthcare Pension Trustees Limited	Whalton Road, Morpeth, Northumberland, NE61 3YA England, UK	Ordinary shares	100%	100%

Piramal Healthcare Pension Trustees Limited is a dormant company.

15 Stocks

	2022	2021
	£	£
Raw materials and consumables	16,419,255	13,665,475
Work in progress	7,239,456	9,291,635
Finished goods and goods for resale	2,282,882	3,166,118
	<u>25,941,593</u>	<u>26,123,228</u>

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Debtors

Due within one year	Note	2022 £	2021 £
Trade debtors		23,941,198	13,742,690
Amounts owed by fellow group undertakings	26	227,370	614,457
Other debtors		4,046,431	11,421,974
Prepayments		1,275,364	1,116,569
Accrued income		707,502	824,271
Deferred tax assets	11	1,970,000	1,970,000
Corporation tax recoverable	11	-	563,207
Derivatives not used for hedging		2,168,514	-
		<u>34,336,379</u>	<u>30,253,168</u>

Other debtors includes £58,351 (2021: £7,328,848) being recoverable after more than one year. Corporation tax recoverable is represented by amounts to be recovered from payments made by the company previously, as a result of changes made to prior periods' tax liability.

During the year, the company entered into several forward currency exchange contracts and the amounts recognised as "Derivatives not used for hedging"; represent the fair value (MTM) gain on these instruments as at the year end. As these instruments are not used for hedging, the MTM gain has been recognised in its entirety through the profit and loss, under foreign exchange gains and losses (note 6).

17 Cash at bank and in hand

	2022 £	2021 £
Cash on hand	381	381
Cash at bank	833	8,709,700
	<u>1,214</u>	<u>8,710,081</u>

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

18 Creditors

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	21	9,527,326	12,381,124
Trade creditors		8,223,536	4,006,776
Amounts due to fellow group undertakings	26	15,835,817	12,810,246
Social security and other taxes		773,341	605,860
Other payables		349,993	168,874
Accrued expenses		9,225,281	7,430,420
HP and finance lease liabilities		298,035	247,706
Deferred income		9,353,882	7,736,934
		<u>53,587,211</u>	<u>45,387,940</u>
Due after one year			
Loans and borrowings	21	15,610,000	-
Deferred income		18,930,208	14,499,824
HP and finance lease liabilities		379,326	515,068
		<u>34,919,534</u>	<u>15,014,892</u>

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,873,855 (2021: £1,825,245).

Defined benefit pension schemes

The company sponsors a funded defined benefit pension scheme for qualifying UK employees, the Piramal Healthcare UK Pension Fund. The fund is a funded scheme of the defined benefit ("DB") type (predominantly providing retirement benefits based on final salary). It also has defined contribution ("DC") sections and the amounts shown in these disclosures exclude the DC accounts and cashflows relating to the 2006 IA and Post-2002 IA members. The DB section of the fund was closed to accrual with effect from 15 November 2017.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Fund was carried out by a qualified actuary as at 31 December 2020 and showed a surplus of £10.1M. As such, the company is not currently required to make regular employer contributions to the DB Section. Additional employer contributions might be required if there are any redundancies or benefit augmentations during the year. The next funding valuation is due no later than 31 December 2023.

The results of the latest funding valuation at 31 December 2020 have been adjusted to the new balance sheet date, taking account of experience over the period since 31 December 2020, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation, has been measured using the projected unit credit method.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £Nil (2021: £Nil).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £784,000 (2021: £468,000).

As at 31 December 2022, the fund had a surplus of £20,008,000 (2021: £27,748,000), however, the directors are concerned that it is unlikely that the surplus could be used to finance DC members' contributions indefinitely (for example, surplus could instead be used to fund the insurance buy-out cost of the DB Section with an insurer) and the company is currently considering moving the DC sections out of the Trust. Noting the accounting principle of prudence, the Company has therefore decided to recognise the surplus under FRS102 in a consistent way with the surplus treatment agreed in prior years under FRS 17. As a result of the company no longer paying contributions to the fund (following closure to accrual) and no refund of surplus has been agreed with the trustees, £Nil (2021: £Nil) of the total surplus was deemed to be recoverable.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

19 Pension and other schemes (continued)

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2022	2021
	£	£
Fair value of scheme assets	58,557,000	89,486,000
Present value of defined benefit obligation	<u>(38,549,000)</u>	<u>(61,738,000)</u>
	20,008,000	27,748,000
Other amounts not recognised in the balance sheet	<u>(20,008,000)</u>	<u>(27,748,000)</u>
Defined benefit pension scheme surplus/(deficit)	<u><u>-</u></u>	<u><u>-</u></u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2022
	£
Present value at start of year	61,738,000
Interest cost	1,196,000
Actuarial gains and losses	(22,820,000)
Benefits paid	<u>(1,565,000)</u>
Present value at end of year	<u><u>38,549,000</u></u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2022
	£
Fair value at start of year	89,486,000
Interest income	1,729,000
Return on plan assets, excluding amounts included in interest income/(expense)	(30,309,000)
Net benefits paid	(1,565,000)
Administration cost incurred	<u>(784,000)</u>
Fair value at end of year	<u><u>58,557,000</u></u>

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

19 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	2022	2021
	£	£
Multi-strategy Growth Fund	5,738,000	13,223,000
Liability Driven Investment (LDI)	22,292,000	28,819,000
Low Risk Bond Fund	-	12,986,000
Cash/net current assets	8,694,000	17,866,000
Synthetic Credit	5,914,000	-
Direct Lending Fund	15,919,000	16,592,000
	<u>58,557,000</u>	<u>89,486,000</u>

None of the Fund assets are invested in the company's financial instruments or in property occupied by, or other assets used by, the company. Note that the Multi-strategy Growth Fund is based on the 30 November 2022 valuation (last year used the 30 November 2021 valuation) adjusted for December performance estimate and the Direct Lending Fund is based on the 30 September 2022 (last year based on the 30 September 2021) valuation adjusted for net cash flows to 31 December 2022 (last year 31 December 2021).

Return on scheme assets

	2022	2021
	£	£
Return on scheme assets	<u>(28,580,000)</u>	<u>5,907,000</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2022	2021
	%	%
Discount rate	4.80	1.95
Future pension increases	2.95	3.10
RPI inflation	<u>3.20</u>	<u>3.20</u>

Mortality assumption

The mortality assumptions are based on standard mortality tables which allow for expected future mortality improvements. The assumptions are that a member currently aged 60 will live on average for a further 26 years (2020: 25.8 years) if they are male and for a further 27.4 years (2020: 27.3 years) if they are female.

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

20 Share capital

Issued, allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	23,232,501	23,232,501	23,232,501	23,232,501

21 Loans and borrowings

	2022	2021
	£	£
Current loans and borrowings		
Bank overdrafts (a)	3,915,398	6,709,207
Other borrowings (b)	5,611,928	5,671,917
	<u>9,527,326</u>	<u>12,381,124</u>

	2022	2021
	£	£
Non-current loans and borrowings		
Bank borrowings (c)	<u>15,610,000</u>	<u>-</u>

(a) Bank overdraft of £3,915,398 (2021: £6,709,207) is secured by fixed charge over the freehold and leasehold property of the company. The charge contains a negative pledge. In addition the ultimate parent company, Piramal Enterprises Limited has provided a guarantee to the bank.

(b) Other borrowings represent the invoice financing facility which is secured by a fixed and floating charge over the freehold and leasehold property and all other assets owned by the company.

(c) During the year, the company borrowed funds from its bankers of £15.7m. The loan becomes repayable from 31 December 2024 onwards, in equal quarterly instalments to 30 June 2029. The loan accrues an interest of 1.990% per annum over the Bank of England Base Rate. Arrangement fees of £90,000 were incurred, which have been deducted from the initial carrying value and will be charged to profit or loss over the lending period (seven years). The loan is secured by a Standard Security over the leasehold property at the Company's Grangemouth site. The charge contains a negative pledge. The maturity of the loan is as follows:

- (i) In one year or less - £Nil
- (ii) In more than one year but not more than two years - £516,084
- (iii) In more than two years but not more than five years - £6,193,006
- (iv) In more than five years - £8,990,910

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

22 Obligations under leases

Finance leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	298,035	247,706
Later than one year and not later than five years	379,326	515,068
	<u>677,361</u>	<u>762,774</u>

Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	185,272	185,272
Later than one year and not later than five years	399,425	399,425
Later than five years	106,400	291,672
	<u>691,097</u>	<u>876,369</u>

23 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £8,330,689 (2021: £3,638,073).

24 Contingent liabilities

At the balance sheet date the following contingent liabilities existed:

Guarantee by the bank in favour of HM Revenue & Customs for £703,790 (2021: £703,790); guarantee by the bank in favour of HSBC Bank USA N.A. for \$2,000,000 (2021: \$2,000,000) towards the overdraft facility taken by a fellow group undertaking; and a guarantee by the bank in favour of The Secretary of State for Business for £2,000,000 (2021: £Nil).

Piramal Healthcare UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

25 Parent and ultimate parent undertaking

The company's immediate parent is Piramal Dutch Holdings N.V, incorporated in Netherlands.

The ultimate parent is Piramal Enterprises Limited, incorporated in India.

The parent of the largest and smallest group for which group accounts including Piramal Healthcare UK Limited are drawn up is Piramal Enterprises Limited. These financial statements are available upon request from

Piramal Ananta,
Agastya Corporate Park,
Opposite Fire Brigade,
Kamani Junction,
LBS Marg, Kurla (West),
Mumbai –400 070
India.

Also available from: www.piramal.com

There is no one controlling party.

26 Related party transactions

Transactions with fellow group undertakings

The company has taken advantage of the exemptions available in FRS 102 from disclosing related party transactions with other companies that are wholly owned within the group.

Included in amounts due to fellow group undertakings (note 18) are unsecured loans of £5,479,616 (2021: £3,137,366), part of which bears interest at 5.25% (2021: 5.25%) and part of which bears interest at 6.96%. The remaining amounts are unsecured, interest free and repayable on demand.

Amounts due from fellow group undertakings (note 16) are also unsecured, interest free and repayable on demand.

During the year the company incurred royalty charges from Piramal Corporate Services Limited, an entity controlled by members of the Key Management Personnel of Piramal Enterprises Limited (the ultimate parent company), amounting to £286,100 (2021: £516,536). At the year-end £Nil (2021: £329,814) was outstanding and included in amounts due to fellow group undertakings.

Piramal Healthcare UK Limited

Detailed Profit and Loss Account for the Year Ended 31 December 2022

	2022 £	2021 £
Turnover (analysed below)	81,654,121	72,632,421
Cost of sales (analysed below)	<u>(39,831,001)</u>	<u>(38,132,591)</u>
Gross profit	<u>41,823,120</u>	<u>34,499,830</u>
Gross profit (%)	51.22%	47.5%
Distribution costs (analysed below)	<u>(1,265,911)</u>	<u>(1,043,780)</u>
Administrative expenses		
Employment costs (analysed below)	(24,729,976)	(22,681,222)
Establishment costs (analysed below)	(9,346,309)	(7,218,283)
General administrative expenses (analysed below)	(5,036,186)	(6,326,583)
Finance charges (analysed below)	(199,723)	(105,773)
Depreciation costs (analysed below)	(10,115,532)	(8,183,863)
Other expenses (analysed below)	<u>(32,359)</u>	<u>-</u>
	(49,460,085)	(44,515,724)
Administration expenses - exceptional		
	-	-
Other operating income (analysed below)	<u>4,945,184</u>	<u>15,833,416</u>
Operating (loss)/profit	(3,957,692)	4,773,742
Interest payable and similar charges (analysed below)	<u>(551,661)</u>	<u>(518,642)</u>
(Loss)/profit before tax	<u><u>(4,509,353)</u></u>	<u><u>4,255,100</u></u>

This page does not form part of the statutory financial statements.

Piramal Healthcare UK Limited

Detailed Profit and Loss Account for the Year Ended 31 December 2022 (continued)

	2022	2021
	£	£
Turnover		
Sale of goods, UK	(2,756,948)	(3,096,182)
Rendering of services, UK	(1,839,689)	(1,749,506)
Sale of goods, Europe	(26,829,709)	(31,550,211)
Rendering of services, Europe	(7,714,362)	(2,918,551)
Sale of goods, rest of world	(11,834,925)	(10,685,097)
Rendering of services, rest of world	(30,678,488)	(22,632,874)
	<u>(81,654,121)</u>	<u>(72,632,421)</u>
Cost of sales		
Opening raw materials	13,665,475	12,033,978
Opening work in progress	9,291,635	12,668,764
Opening finished goods	3,166,118	720,696
Purchases	30,269,870	28,223,474
Closing raw materials	(16,419,255)	(13,645,131)
Closing work in progress	(7,239,456)	(9,291,635)
Closing finished goods	(2,282,882)	(3,166,119)
Wages and salaries (excluding directors)	6,138,114	6,881,690
Staff NIC (Employers)	585,441	383,152
Staff pensions (Defined contribution)	442,629	91,148
Commissions payable	2,888	3,650
Other direct expenses	2,210,424	3,228,924
	<u>39,831,001</u>	<u>38,132,591</u>
Distribution costs		
Freight and carriage	<u>1,265,911</u>	<u>1,043,780</u>
Employment costs		
Wages and salaries	20,009,797	17,408,588
Staff NIC (Employers)	1,892,361	1,845,228
Directors remuneration	701,158	767,193
Directors NIC (Employers)	97,534	99,275
Staff pensions (Defined contribution)	1,401,631	1,706,086
Directors pensions (Defined contribution)	29,595	28,011
Subcontract cost	209,764	496,834
Staff training	162,616	165,899
Staff welfare	225,520	164,108
	<u>24,729,976</u>	<u>22,681,222</u>

This page does not form part of the statutory financial statements.

Piramal Healthcare UK Limited

Detailed Profit and Loss Account for the Year Ended 31 December 2022 (continued)

	2022 £	2021 £
Establishment costs		
Rates	1,308,013	898,931
Light, heat and power	3,098,339	3,015,465
Insurance	781,417	1,223,904
Repairs and maintenance	4,158,540	2,079,983
	<u>9,346,309</u>	<u>7,218,283</u>
General administrative expenses		
Office expenses	4,246	2,618
Computer software and maintenance costs	150,130	252,441
Artwork, printing, postage and stationery	200,627	187,342
Laboratory Consumables	800,247	309,861
Trade subscriptions	72,862	29,123
Hire of plant and machinery (Operating leases)	121,908	98,866
Hire of other assets (Operating leases)	259,305	352,998
Lease of motor vehicles (Operating leases)	238,890	231,104
Sundry expenses	89,128	35,912
Waste disposal, Environmental and cleaning	1,366,152	1,481,705
Other adjustments to intangibles	6,046	696,000
Motor expenses	273,074	33,374
Advertising	27,994	5,079
Customer entertaining (disallowable for tax)	-	23,780
Auditor's remuneration - The audit of the company's annual accounts	49,500	57,500
Auditor's remuneration - Other services pursuant to legislation	40,500	40,500
Auditors' remuneration - non audit work	2,750	2,500
Service charges	1,499,970	1,511,391
Legal and professional fees	2,735,815	2,255,109
Royalties payable	286,100	516,537
Bad debts written off	67,281	199,023
Foreign currency (gains)/losses - operating expense	(3,256,339)	(1,996,180)
	<u>5,036,186</u>	<u>6,326,583</u>
Finance charges		
Bank charges	<u>199,723</u>	<u>105,773</u>

This page does not form part of the statutory financial statements.

Piramal Healthcare UK Limited

Detailed Profit and Loss Account for the Year Ended 31 December 2022 (continued)

	2022 £	2021 £
Amortisation & Depreciation costs		
Amortisation of development costs	3,458,813	2,487,385
Depreciation of freehold property	436,913	350,616
Depreciation of plant and machinery (owned)	6,219,806	5,345,862
	<u>10,115,532</u>	<u>8,183,863</u>
Other expenses		
(Profit)/loss on disposal of tangible fixed assets	<u>32,359</u>	<u>-</u>
Other operating income		
Other income	(452,117)	(11,990,666)
Government grants and other subsidies	(4,031,164)	(3,438,872)
Research and development expenditure credit	(461,903)	(403,878)
	<u>(4,945,184)</u>	<u>(15,833,416)</u>
Interest payable and similar expenses		
Bank interest payable	328,032	343,787
Interest payable to group undertakings	223,629	174,855
	<u>551,661</u>	<u>518,642</u>

This page does not form part of the statutory financial statements.

Registration number: 05370548

Piramal Healthcare Pension Trustees Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2022

Aventus Partners Limited
Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Piramal Healthcare Pension Trustees Limited

Company Information

Directors	Mr M Garrod Independent Trustee Services Limited Mr K Bailey
Registered office	Whalton Road Morpeth Northumberland NE61 3YA
Accountants	Aventus Partners Limited Hygeia Building Ground Floor 66-68 College Road Harrow Middlesex HA1 1BE

Piramal Healthcare Pension Trustees Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors of the company

The directors who held office during the year were as follows:

Mr M Garrod

Mr G W M Myles (resigned 8 March 2022)

Independent Trustee Services Limited

Mr K Bailey

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

This report was approved by the Board on June 28th 2023 and signed on its behalf by:



Mr M Garrod
Director

Piramal Healthcare Pension Trustees Limited

(Registration number: 05370548)
Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Current assets			
Cash at bank and in hand		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	5	<u>1</u>	<u>1</u>
Shareholders' funds		<u>1</u>	<u>1</u>

For the financial year ending 31 December 2022 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the Board on June 28th 2023 and signed on its behalf by:



Mr M Garrod
Director

Piramal Healthcare Pension Trustees Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in UK.

The address of its registered office is:

Whalton Road
Morpeth
Northumberland
NE61 3YA
United Kingdom

These financial statements were authorised for issue by the Board on June 28th 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The company's functional and presentational currency is UK Sterling.

The company has not traded during the year. During this year, the company received no income and incurred no expenditure and therefore made neither profit nor loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand.

3 Staff numbers

The average monthly number of persons employed by the company (including) during the year, was 0 (2021: 0).

Piramal Healthcare Pension Trustees Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

4 Cash and cash equivalents

	2022	2021
	£	£
Cash on hand	<u>1</u>	<u>1</u>

5 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

6 Parent and ultimate parent undertaking

The Company's immediate parent is Piramal Healthcare UK Limited, incorporated in England and Wales.

The ultimate parent undertaking is Piramal Pharma Limited, incorporated in India.

The most senior parent entity producing publicly available financial statements is Piramal Pharma Limited. These financial statements are available upon request from:

Piramal Ananta,
Agastya Corporate Park,
Opposite Fire Brigade,
Kamani Junction,
LBS Marg, Kurla (West),
Mumbai –400 070
India.

Also available from www.piramal.com

There is no one controlling party.

Piramal Critical Care Inc.

Financial Statements

December 31, 2022 and December 31, 2021

KNAV P.A.

Certified Public Accountants
One Lakeside Commons, Suite 850
990 Hammond Drive NE, Atlanta, GA 30328



America Counts on CPAs

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Independent Auditor's Report

To the Board of Directors
Piramal Critical Care Inc.

Opinion

We have audited the accompanying financial statements of Piramal Critical Care Inc. (the "Company"), which comprise of the balance sheets as of December 31, 2022, and December 31, 2021, the related statements of income, stockholder's equity and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of December 31, 2022, and December 31, 2021, and the results of its operations and the cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KNAV P.A.

Atlanta, Georgia

April 17, 2023

Piramal Critical Care Inc.

Financial Statements

December 31, 2022 and December 31, 2021

Financial Statements

Piramal Critical Care Inc.

Financial Statements

December 31, 2022 and December 31, 2021

Balance sheets*(All amounts are in United States Dollars, unless otherwise stated)*

	As at	
	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	7,756,653	1,153,636
Restricted cash and cash equivalents	1,429,598	-
Accounts receivable, net	27,148,973	27,024,862
Accounts receivable, from related parties	17,088,240	13,119,374
Loans to related parties - current	3,007,200	-
Inventories, net	43,184,574	49,897,816
Other current assets	9,773,588	2,814,955
Total current assets	109,388,826	94,010,643
Right-of-use asset	6,244,504	6,952,753
Property, plant and equipment, net	57,779,157	59,440,531
Goodwill	27,911,105	27,911,105
Intangible assets, net	125,691,537	134,206,803
Loans to related parties - non-current	8,870,997	9,500,000
Deferred tax assets, net	2,199,822	-
Other assets	796,264	1,316,752
Total assets	338,882,212	333,338,587
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	11,465,632	6,683,107
Accounts payable, to related parties	3,438,171	4,146,224
Other current liabilities	12,704,228	15,520,310
Current portion of operating lease liabilities	710,340	658,566
Short-term borrowings, including current portion of long-term borrowings	15,643,597	20,526,014
Total current liabilities	43,961,968	47,534,221
Long term borrowings, non-current portion	168,039,655	164,911,987
Operating lease liabilities, net of current portion	5,974,343	6,684,584
Deferred tax liabilities	-	217,248
Total liabilities	217,975,966	219,348,040

Commitments & contingencies (Refer note O)

Piramal Critical Care Inc.

Financial Statements

December 31, 2022 and December 31, 2021

Balance sheets

(All amounts are in United States Dollars, unless otherwise stated)

	As at	
	December 31, 2022	December 31, 2021
Stockholder's equity		
Common stock	10,000,000	10,000,000
10,000 shares of \$ 1,000 each, authorized, issued and outstanding		
Additional paid in capital	7,337,676	7,337,676
Accumulated surplus	103,568,570	96,652,871
Total stockholder's equity	120,906,246	113,990,547
Total liabilities and stockholder's equity	338,882,212	333,338,587

(The accompanying notes are an integral part of these financial statements)

Piramal Critical Care Inc.

Financial Statements

December 31, 2022 and December 31, 2021

Statements of income*(All amounts are in United States Dollars, unless otherwise stated)*

	For the year ended	
	December 31, 2022	December 31, 2021
Operating revenues	195,966,532	181,477,204
Less: Cost of revenues	(95,987,438)	(88,719,242)
Gross profit	99,979,094	92,757,962
Costs and expenses		
Selling, general and administrative expenses	39,423,010	35,845,574
Depreciation and amortization	22,713,514	21,830,235
Research and development expenses	5,378,898	5,197,035
Total cost and expenses	67,515,422	62,872,844
Operating income	32,463,672	29,885,118
Other income, net of other expenses	454,424	1,049,016
Interest expense	(8,778,952)	(5,893,502)
Income before income taxes	24,139,144	25,040,632
Current tax expense	8,020,516	10,177,810
Deferred tax benefit	(2,417,071)	(4,035,063)
Net income	18,535,699	18,897,885

(The accompanying notes are an integral part of these financial statements)

Piramal Critical Care Inc.

Financial Statements

December 31, 2022 and December 31, 2021

Statement of stockholder's equity*(All amounts are in United States Dollars, unless otherwise stated)*

Particulars	Common stock		Additional paid in capital	Accumulated surplus	Total stockholder's equity
	Authorized, issued and outstanding	Value (\$)			
	Shares				
Balance as at January 1, 2021	10,000	10,000,000	7,337,676	91,134,986	108,472,662
Dividend paid to Parent Company	-	-	-	(13,380,000)	(13,380,000)
Net income for the year	-	-	-	18,897,885	18,897,885
Balance as at December 31, 2021	10,000	10,000,000	7,337,676	96,652,871	113,990,547
Balance as at January 1, 2022	10,000	10,000,000	7,337,676	96,652,871	113,990,547
Dividend paid to Parent Company	-	-	-	(11,620,000)	(11,620,000)
Net income for the year	-	-	-	18,535,699	18,535,699
Balance as at December 31, 2022	10,000	10,000,000	7,337,676	103,568,570	120,906,246

(The accompanying notes are an integral part of these financial statements)

Piramal Critical Care Inc.

Financial Statements

December 31, 2022 and December 31, 2021

Statements of cash flows*(All amounts are in United States Dollars, unless otherwise stated)***For the year ended****December 31, 2022 December 31, 2021****Cash flows from operating activities**

Net income	18,535,699	18,897,885
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Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization	22,713,514	21,830,235
Loss on sale/disposal of equipment	8,892	193,552
Unrealized exchange (gain) loss	(240,469)	1,345,883
Loan origination fee amortization	329,060	360,994
Loss on extinguishment of debt	555,424	-
Provision for bad debts	98,006	81,206
Provision for slow moving inventory	7,639,055	2,610,635
Deferred tax benefit	(2,417,071)	(4,035,063)

Changes in net operating assets and liabilities

Accounts receivable, net, including related party receivables	(3,937,466)	(5,630,528)
Inventories, net	(925,813)	8,228,892
Other current assets	(6,958,633)	275,838
Other assets	520,488	(1,316,752)
Accounts payable, including related party payables	3,150,929	(2,944,237)
Operating lease obligations	49,782	204,826
Other current liabilities	(2,816,082)	6,853,663

Net cash provided by operating activities

36,305,315	46,957,029
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Cash flows from investing activities

Purchase of property, plant and equipment	(11,135,270)	(13,068,562)
Purchase of intangibles	(500,000)	(2,200,000)
Loan advanced to related parties	(5,107,200)	(9,500,000)
Repayment of loan by related parties	2,729,003	-

Net cash used in investing activities

(14,013,467)	(24,768,562)
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Cash flows from financing activities

Proceeds from long term-borrowings	186,620,000	16,745,373
Loan origination fees for long-term borrowings	(2,020,124)	-
Principal repayments of long-term borrowings	(186,227,517)	(18,233,679)
Principal repayments of short-term borrowings	(1,011,592)	(6,500,000)
Dividend paid to the Parent Company	(11,620,000)	(13,380,000)

Net cash used in financing activities

(14,259,233)	(21,368,306)
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Piramal Critical Care Inc.

Financial Statements

December 31, 2022 and December 31, 2021

Statements of cash flows*(All amounts are in United States Dollars, unless otherwise stated)*

	For the year ended	
	December 31, 2022	December 31, 2021
Net increase in cash and cash equivalents and restricted cash	8,032,615	820,161
Cash and cash equivalents and restricted cash at the beginning of the year	1,153,636	333,475
Total cash and cash equivalents, and restricted cash shown in the statement of cash flows	9,186,251	1,153,636
Supplementary cash flow information		
Cash paid for interest	8,065,520	5,747,897
Cash paid for income taxes	10,771,535	6,644,768
Non-cash investing and financing activity		
Acquisition of right-of-use assets	-	3,587,626
Purchase of property, plant and equipment included in accounts payable	910,496	-

(The accompanying notes are an integral part of these financial statements)

Notes to Financial Statements

NOTE A - NATURE OF OPERATIONS

Piramal Critical Care Inc. ("PCCCI" or "the Company"), incorporated in 1994 in the State of Delaware, is a global critical care company focused on saving lives with critical care solutions. The Company is one of the leaders in anaesthesia segment. With products available in more than 100 countries, the Company is amongst the largest producers of inhalation anaesthetics and maintains a wide presence across Europe and the United States of America.

The Company's product portfolio includes:

- Inhalation anaesthetics such as Sevoflurane, Desflurane, Isoflurane, and Halothane, as well as intrathecal Baclofen, and animal health solutions.
- Injectable anti-infectives such as Ampicillin for Injection, USP, Ampicillin and Sulbactam for Injection, USP, Cefepime for Injection, USP, Ceftriaxone for Injection, USP, Linezolid Injection, Oxacillin for Injection, USP, and Piperacillin and Tazobactam for Injection, USP.
- Glycopyrrolate injection for anticholinergic action.
- Rocuronium Bromide Injection for the muscle relaxation.
- Injectables that include Dexmedetomidine, Propofol, Succinylcholine and Zinc Sulphate.
- Intrathecal Therapy products that include Gablofen and Mitigo.

The Company is a wholly owned subsidiary of Piramal Healthcare Inc. ('Parent Company'), which is ultimately held by Piramal Pharma Limited, a public listed India company. The Company's products are sold worldwide directly to wholesalers, distributors, and healthcare facilities.

The Company's principal manufacturing facilities are located in Bethlehem, Pennsylvania in the United States of America. The Company's principal market areas are divided between North America ("NA") and Rest of the World ("ROW"). The concentration of sales is more in the NA market as compared to the ROW market.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. The significant accounting policies are detailed below:

1 Basis of preparation

- a. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP") to reflect the financial position and results of operations of the Company. These financial statements have been prepared incorporating the "push down effect" of fair value adjustments resulting from the acquisition of the Company by Piramal Healthcare Inc.
- b. The financial statements are presented for the calendar years ended December 31, 2022 and December 31, 2021. All amounts are stated in United States Dollars, unless specified otherwise.
- c. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net income or stockholder's equity.

Piramal Critical Care Inc.

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December 31, 2022 and December 31, 2021

d. Revisions of previously issued financial statements

During the preparation of the financial statements for year 2021, the Company identified a misstatement related to the accounts receivable balance in previously issued financial statements for the years ended December 31, 2021, and December 31, 2020. The previously disclosed accounts receivable include provisions for Medicaid, returns and other rebates amounting to \$ 5,790,536, whereas, they should have been disclosed as “Other current liabilities” in the balance sheet. This misstatement only impacted the accounts receivable and other current liabilities balance sheet amount and footnote disclosure and did not impact previously reported statements of income and cash flows from operating, investing or financing activities in the accompanying statement of cash flows. The Company assessed the materiality of the misstatement and concluded it was not material to the Company’s previously issued financial statements for the years ended December 31, 2021, and December 31, 2020, and that amendments of previously issued financial statements were therefore not required. However, the Company elected to revise the previously reported amounts in the accounts receivable and other current liabilities disclosure. The revision applies to the previously reported amounts for accounts receivable and other current liabilities for the year ended December 31, 2021.

The following table summarizes the effect of this revision on the Company’s 2021 balance sheet

Balance sheet	As originally reported	As revised	Adjustment
Accounts receivable, net	21,234,326	27,024,862	(5,790,536)
Other current liabilities	(9,729,774)	(15,520,310)	5,790,536

2 Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for realization of deferred tax assets, determination of useful lives for property, plant and equipment and intangible assets, long-lived assets for impairment, provision for doubtful debts, provision for chargebacks, discounts and rebates, inventory valuation and contingencies represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Revisions in accounting estimates are recognized prospectively in the current and future periods.

3 Cash and cash equivalents and restricted cash

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of cash on hand, highly liquid investments in money market funds and various deposit accounts.

Restricted cash and cash equivalents consists of cash balances which are restricted as to withdrawal or usage and includes cash to collateralize bank letters of credit.

The following table provides a reconciliation of cash and cash equivalents reported within the balance sheets that sum to the total of the same amounts shown in the statements of cash flows:

Piramal Critical Care Inc.

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December 31, 2022 and December 31, 2021

	As at	
	December 31, 2022	December 31, 2021
Cash and cash equivalents	7,756,653	1,153,636
Restricted cash	1,429,598	-
	9,186,251	1,153,636

4 Revenue recognition

Refer Note U “Revenue from contracts with customers” for further information on the Company’s revenue.

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Company’s products or services. The Company’s global payment terms are typically between 30-90 days. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract’s transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Some of the Company’s contracts have multiple performance obligations.

The majority of the Company’s performance obligations are satisfied at a point in time. This includes sales of the Company’s broad portfolio of inhalation anaesthetics and injectable anaesthesia/ pain management products across its geographic segment. For a majority of these sales, the Company’s performance obligation is satisfied upon delivery to the customer. Shipping and handling activities are considered to be fulfilment activities and are not considered to be a separate performance obligation.

Significant judgments

Revenues from product sales are recorded at the net sales price (transaction price), which includes estimates of variable consideration for reserves related to rebates, product returns, sales discounts and wholesaler chargebacks. These reserves are based on estimates of the amounts earned or to be claimed on the related sales and are included in accounts receivable as contra accounts to the respective accounts receivable balances and other current liabilities.

Management’s estimates take into consideration historical experience, current contractual and statutory requirements, specific known market events and trends, industry data, and forecasted customer buying and payment patterns. Overall, these reserves reflect the Company’s best estimates of the amount of consideration to which it is entitled based on the terms of the contract using the expected value method. The amount of variable consideration included in the net sales price is limited to the amount that is probable not to result in a significant reversal in the amount of the cumulative revenue recognized in a future period.

5 Provision for doubtful debts

In the normal course of business, the Company provides credit to its customers, performs credit evaluations of these customers and maintains reserves for potential credit losses. The Company provides for the provision for doubtful debts on the accounts receivable due for more than 365 days. In addition to the above, the Company also follows the specific identification method for recognizing provision for doubtful debts. Management analyses composition of the accounts receivable aging, payment history, historical bad debts, current economic trends and customer credit worthiness of each accounts receivable when evaluating the adequacy of the provision for doubtful accounts. Provision for doubtful debt is included in selling, general and administrative expenses in the statements of income.

6 Shipping and handling costs

Shipping and handling costs incurred by the Company to transport products to customers are included in cost of revenues in the statements of income.

Piramal Critical Care Inc.

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7 Selling, general and administrative expenses

Selling, general and administrative costs are expenses as incurred. Among other things, these expenses include the internal and external costs of marketing, advertising, information technology and legal defence. Production costs are expensed as incurred.

8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost in the case of raw materials comprises the purchase price and attributable direct costs, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labor, material cost and production overheads.

A write down of inventory to the lower of cost or market value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances.

Inventories are reviewed on a periodic basis for identification and write-off of slow moving, obsolete, and impaired inventory. Such write-downs, if any, are included in cost of revenues.

9 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

The estimated useful life used to determine depreciation is:

Machinery and equipment	5-20 years
Computers	3-5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Lease term
Buildings	35 years
Equipment with customers	7 years

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipment not ready for use before such date are disclosed under construction-in-progress.

10 Research and development costs

Research and development costs ("R&D") are expensed as incurred. These expenses include costs of proprietary R&D efforts, as well as costs incurred in connection with certain licensing agreements. Before a compound receives a regulatory approval, the non-refundable upfront and milestone payment made to the third parties under licensing arrangements are recorded as expense in proportion to the services procured. Once a compound receives a regulatory approval, any milestone payments are recorded as identifiable, intangible assets, less accumulated amortization and unless the asset is determined to have an indefinite life, the payments are amortized on straight line basis over remaining agreement term or the expected product life cycle whichever is lower.

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Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses is capitalized as tangible assets when acquired or constructed.

11 Collaborative arrangements

The Company enters into collaborative arrangements, typically with other pharmaceutical or biotechnology companies, to develop and commercialize drug candidates or intellectual property. These arrangements typically involve two (or more) parties who are active participants in the collaboration and are exposed to significant risks and rewards dependent on the commercial success of the activities. These collaborations usually involve various activities by one or more parties, including research and development, marketing and selling and distribution. Often, these collaborations require upfront, milestone and royalty or profit share payments, contingent upon the occurrence of certain future events linked to the success of the asset in development.

In general, the income statement presentation for these collaborations is as follows:

Nature/Type of Collaboration	Statement of income presentation
Royalties paid to collaborative partner (post regulatory approval)	Cost of revenue
Milestones paid to collaborative partner (post regulatory approval)*	Depreciation and amortization
Upfront payments & milestones paid to collaborative partner (pre-regulatory approval)	Research and development expense
Research and development payments to collaborative partner	Research and development expense

*Milestones are capitalized as intangible assets and amortized over the useful life.

Profit-sharing payments made to third parties for the years ended December 31, 2022 and December 31, 2021 totalled \$ 1,271,476 and \$ 700,389, respectively.

12 Goodwill, intangible assets, and other long-lived assets

The Company accounts for goodwill and intangible assets in accordance with ASC 350, Intangibles – Goodwill and Other (“ASC 350”). ASC 350 requires that goodwill and other intangibles with indefinite lives should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value. In the evaluation of goodwill for impairment, the Company typically performs a qualitative assessment, prior to performing the quantitative analysis, to determine whether the fair value of the goodwill is more likely than not impaired. If a quantitative assessment is made, the Company compares the fair value of the reporting unit to the carrying value and, if applicable, record an impairment charge based on the excess of the reporting unit’s carrying amount over its fair value.

The Company reviews the carrying amounts of long-lived assets, other than goodwill and intangible assets not subject to amortization, for potential impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In evaluating recoverability, the Company groups assets and liabilities at the lowest level such that the identifiable cash flows relating to the group are largely independent of the cash flows of other assets and liabilities. The Company then compares the carrying amounts of the assets or asset groups with the related estimated undiscounted future cash flows. In the event impairment exists, an impairment charge is recorded as the amount by which the carrying amount of the asset or asset group exceeds the fair value.

The estimated useful life used to determine amortization is:

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Brands	20-25 years
Trademarks	5-25 years
Technical knowhow	20-25 years
Customer relationship	8-10 years

13 Leases

The Company determines whether an arrangement is or contains a lease at contract inception. All of the Company's leases are classified as operating leases, which are included in operating lease right-of-use assets and operating lease liabilities in the Company's balance sheet.

Right-of-use assets (ROU) and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company estimates its incremental borrowing rate for each lease using the average incremental borrowing rate on the borrowings availed by the Company.

Management makes certain estimates and assumptions regarding each new lease and sublease agreement, renewal, and amendment, including, but not limited to, property values, market rents, property lives, discount rates and probable term, all of which can impact –

- 1) the classification and accounting for a lease or sublease as operating or finance, including sales-type and direct financing;
- 2) the rent holiday and escalations in payment that are taken into consideration when calculating straight-line rent;
- 3) the term over which leasehold improvements for each property are amortized; and
- 4) the values and lives of adjustments to the initial ROU asset where the Company is the lessee, or favourable and unfavourable leases where the Company is the lessor.

The amount of depreciation and amortization, interest and rent expense reported would vary if, different estimates and assumptions were used.

Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

14 Income taxes

In accordance with the provisions of FASB ASC Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized. All deferred tax assets and liabilities, along with any related valuation allowance, are classified as non-current on the balance sheet.

15 Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and short-term and long-term borrowings. The estimated fair value of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and borrowings approximate their carrying amounts of these instruments. None of these instruments are held for trading purposes.

16 Debt issuance costs and debt discounts

Debt issuance costs include costs incurred in connection with the issuance of debt, and which are presented in the balance sheets as a direct deduction from the carrying amount of the related debt liability, are amortized over the term of the debt to interest expense. Debt issuance costs of the revolving credit facility are amortized on a straight-line basis, while all other debt issuance costs are amortized using the effective interest method. Debt discounts incurred in connection with the issuance of debt have been reported as a direct deduction to the carrying value of debt and are being amortized to interest expense using the effective interest method. Amortization of debt issuance costs and debt discounts included in interest expense was \$ 329,060, and \$ 360,994 for the years ended December 31, 2022, and 2021, respectively.

17 Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities not recorded are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTE C - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and accounts receivable. By their nature, all accounts receivable involve risk including the credit risk of non-performance by counter parties. In management's opinion, as of December 31, 2022 and 2021, there was no significant risk of loss in the event of non-performance of the counter parties to these accounts receivable. Furthermore, the Company believes it is not exposed to any significant risk on cash and cash equivalents.

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Three customers having greater than 10% of accounts receivable accounted for approximately 67% (previous year end, three customers for 46%) of total accounts receivable.

Three vendors having greater than 10% of the accounts payable accounted for 61% (previous year end, three vendors accounted for 71%) of total accounts payable. The Company buys certain raw materials from a limited number of suppliers. Management believes that other suppliers could provide these materials on comparable terms.

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NOTE D - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As at	
	December 31, 2022	December 31, 2021
Cash in hand	3,643	2,908
Balances with banks	7,753,010	1,150,728
Total	7,756,653	1,153,636

Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to \$ 250,000 (previous year – \$ 250,000) for each insured bank for each account per depositor.

NOTE E - ACCOUNTS RECEIVABLE, NET

Accounts receivable as at December 31, 2022 and 2021 represent dues from customers on product sales of \$195,966,532 (December 2021 - \$ 181,477,204). Accounts receivable as at December 31, 2022 and 2021 are stated net of provision for doubtful accounts and other provisions and includes trade receivables from related parties.

	As at	
	December 31, 2022	December 31, 2021
Accounts receivable	59,146,264	56,276,777
Less: provision for doubtful accounts	(1,647,244)	(1,549,239)
Less: provision for chargebacks, rebates and others	(13,261,807)	(14,583,302)
Accounts receivable, net	44,237,213	40,144,236

The movement in provision for doubtful accounts during the year was as follows:

	December 31, 2022	December 31, 2021
Balance at beginning of the year	(1,549,239)	(1,468,033)
Provision for the year	(98,005)	(81,206)
Balance at the end of the year	(1,647,244)	(1,549,239)

The activity in provision for chargebacks, rebates, discounts and others is given below:

	December 31, 2022	December 31, 2021
Balance at beginning of the year	(14,583,302)	(9,036,599)
Net provision for chargebacks and rebates, etc.	(101,733,244)	(92,363,045)
Chargebacks, rebates and others, claimed and utilized	103,054,739	86,816,342
Balance at the end of the year	(13,261,807)	(14,583,302)

NOTE F - INVENTORIES, NET

Major classes of inventory are as follows:

	As at	
	December 31, 2022	December 31, 2021
Raw material	7,508,447	11,968,950
Work in progress	10,495,804	4,809,229
Finished goods	37,216,983	37,517,242
Less: provision for obsolete and slow-moving inventory	(12,036,660)	(4,397,605)
Total	43,184,574	49,897,816

The activity in provision for obsolete and slow-moving inventory is given below:

	December 31, 2022	December 31, 2021
Balance at beginning of the year	(4,397,605)	(1,786,970)
Provision for obsolete and slow-moving inventory during the year	(7,639,055)	(2,610,635)
Balance at the end of the year	(12,036,660)	(4,397,605)

Piramal Critical Care Inc.

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NOTE G - OTHER CURRENT ASSETS

Other current assets comprise the following:

	As at	
	December 31, 2022	December 31, 2021
Security deposits	790,370	15,953
Due from related parties	4,848,390	206,631
Prepaid expenses	1,990,429	1,330,091
Advance tax, net	2,131,764	-
Advances paid to collaborative partners	-	1,200,000
Other receivables	12,635	62,280
Total	9,773,588	2,814,955

NOTE H - LEASES

The table below presents the classification of the operating lease and finance lease assets and liabilities:

Leases	Balance Sheet classification	As at	
		December 31, 2022	December 31, 2021
<hr/>			
Assets			
Operating lease right-of-use assets	Non-current asset	6,244,504	6,952,753
Liabilities			
Operating lease liabilities	Non-current liabilities	5,974,343	6,684,584
	Current liabilities	710,340	658,566
		<hr/>	<hr/>
		6,684,683	7,343,150

The components of lease cost for operating lease for the year ended December 31, 2022 and 2021 are summarized below:

	For the year ended	
	December 31, 2022	December 31, 2021
Operating lease expense*	1,060,474	1,023,519
	1,060,474	1,023,519

*Operating lease expense has been recognized in the statements of income under the head “selling, general & administrative expenses”

The following table contains supplemental cash flow information related to leases for the years ended December 31, 2022 and December 31, 2021:

	For the year ended	
	December 31, 2022	December 31, 2021
Cash paid for amounts included in the measurement of lease liabilities		
Cash paid within operating cash flows	1,010,692	818,694
Right-of-use operating lease assets obtained in exchange for lease obligations	-	3,587,626

The Company has taken an office space, warehouse and equipment under operating leases which have non-cancellable terms through December 2032. Generally, the leases have optional renewal clauses to extend the terms of the various leases for periods ranging from 5 to 10 years, at the discretion of the Company. Future minimum payments under non-cancellable operating lease are as follows:

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Year ended December 31,	Amount (\$)
2023	1,028,366
2024	1,044,034
2025	1,069,755
2026	1,096,183
2027, and onwards	3,944,924
Total minimum lease payments	8,183,262
Less: imputed interest	(1,498,579)
Operating lease liabilities	6,684,683

	As at	
	December 31, 2022	December 31, 2021
Weighted average remaining lease terms (years) – operating leases	7.96	8.86
Weighted average – discount rate	5.00%	5.00%

NOTE I - PROPERTY, PLANT AND EQUIPMENT, NET

	As at	
	December 31, 2022	December 31, 2021
Machinery and equipment	62,737,288	59,625,799
Equipment with customers	100,073,112	90,476,161
Computers	2,928,079	1,598,764
Furniture and fixtures	2,498,238	2,417,565
Building	7,401,249	6,976,196
Leasehold improvements	565,000	565,000
Vehicles	49,000	49,000
Construction in progress	799,125	3,790,517
	177,051,091	165,499,002
Less: accumulated depreciation	(119,271,934)	(106,058,471)
Property, plant and equipment, net	57,779,157	59,440,531

Depreciation expense for the year ended December 31, 2022 was \$ 13,698,248 (December 2021 \$ 12,872,668).

During the year ended December 31, 2022 and December 31, 2021, the Company has written off fixed assets with a gross block value of \$ 493,675 and \$ 716,601, respectively, and recorded a loss amounting to \$ 8,892 and \$ 193,552, respectively.

NOTE J - INTANGIBLE ASSETS, NET

Intangible assets include the following:

	As at	
	December 31, 2022	December 31, 2021
Brands	125,291,221	125,291,221
Trademarks	1,036,685	1,036,685
Customer relations	8,221,845	8,221,845
Technical knowhow	23,211,622	22,711,622
Less: Accumulated amortization	(32,069,836)	(23,054,570)
Intangible assets, net	125,691,537	134,206,803

During the year ended December 31, 2022, the Company capitalized technical knowhow amounting to \$ 500,000 pertaining to milestones paid to collaborative partners post regulatory approval (December 31, 2021: \$ 2,200,000).

Amortization expense for the year ended December 31, 2022 is \$ 9,015,266 (December 2021: \$ 8,957,567). The Company's estimate of annual amortization expense for the next five years and thereafter for other intangible assets is as follows:

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Year ended**December**

31	Brands	Customer relations	Technical knowhow	Total
2023	5,553,689	1,087,546	1,991,614	8,632,849
2024	5,553,689	1,087,546	1,206,964	7,848,199
2025	5,553,689	1,087,546	935,414	7,576,649
2026	5,553,689	1,087,546	935,414	7,576,649
2027	5,553,689	246,510	916,664	6,716,863
2028, and onwards	79,010,480	-	8,329,848	87,340,328
Total	106,778,925	4,596,694	14,315,918	125,691,537

NOTE K - OTHER ASSETS

Other assets comprise the following:

	As at	
	December 31, 2022	December 31, 2021
Security deposits	46,264	566,752
Other receivables	750,000	750,000
Total	796,264	1,316,752

NOTE L - RESEARCH AND DEVELOPMENT EXPENSES

The Company uses its manufacturing facility and other resources for research and development activities in addition to using the same for its commercial production activities. The Company also pays upfront milestone payments to collaborative partners. The Company has incurred an amount of \$ 5,378,898 and \$ 5,197,035 for research and development activities out of its operating expenses for the years ended December 31, 2022 and December 31, 2021, respectively.

NOTE M - OTHER CURRENT LIABILITIES

Other current liabilities include:

	As at	
	December 31, 2022	December 31, 2021
Accrued expenses	2,169,812	2,708,806
Accrued medicaid, rebates & returns	5,833,905	5,790,536
Employee related liabilities	3,940,197	3,303,032
Provision for tax	-	3,379,249
Due to related parties	419,072	338,687
Others	341,242	-
Total	12,704,228	15,520,310

The activity in accrued medicaid, rebates & returns is given below:

	December 31, 2022	December 31, 2021
Balance at beginning of the year	5,790,536	4,794,029
Accruals	28,917,912	26,180,476
Payments/Credits	(28,874,543)	(25,183,969)
Balance at the end of the year	5,833,905	5,790,536

NOTE N - BORROWINGS

The Company has obtained long term loans from its Parent Company, PNC Bank, City National Bank of Florida, Fifth Third Bank, Citizens Bank, State Bank of India (London Branch) and JP Morgan Chase Bank. The following table summarizes the loans:

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	As at	
	December 31, 2022	December 31, 2021
Short-term borrowings, including current portion of long-term borrowings		
Revolver	-	1,011,592
Term loans, current portion	11,812,500	15,003,500
Notes payable, current portion	3,831,097	4,510,922
Long-term borrowings, non-current portion		
Term loans	163,196,345	103,375,280
Piramal Healthcare Inc.	-	50,495,016
Notes payable	6,726,792	11,789,536
	185,566,734	186,185,846
Less: Unamortized debt issuance and debt discount cost	(1,883,482)	(747,845)
Total	183,683,252	185,438,001

Bank loan

The Company obtained a five-year term loan from JP Morgan Chase Bank on August 27, 2019 for \$ 140,000,000, of which the balance outstanding as on December 31, 2022 was \$ Nil (December 2021: \$ 104,250,935).

On October 6, 2021, the Company obtained an additional term loan facility of \$ 25,000,000 from JP Morgan Chase Bank, of which the Company has drawn an aggregate of \$ 25,000,000 in three tranches of \$ 3,000,000, \$ 10,380,000, and \$ 11,620,000, on October 06, 2021, December 17, 2021, and January 25, 2022, respectively. The interest rate as on December 31, 2021 was 2.88%.

In addition, the Company obtained a revolving loan facility on August 27, 2019. The term length of the revolving loan facility is for a period of 5 years. As at December 31, 2021, the Company had an outstanding balance of \$ 1,011,592 (December 31, 2020: \$ 7,511,592) on the revolving loan facility and could borrow up to \$ 40,000,000. The interest rate as on December 31, 2021 was 2.88%.

The Company obtained a new five-year term loan facility from State Bank of India (London Branch) ('SBI') on September 27, 2022 amounting to \$ 200,000,000 at an interest rate of 3-monthly SOFR plus a margin of 1.95% p.a. The aforesaid loan has been guaranteed by Piramal Pharma Limited. As of December 31, 2022, the Company has draw-down a term loan of \$ 175,000,000 of which the balance outstanding as on December 31, 2022 was \$ 173,125,362. The debt issuance cost and debt discount on the aforesaid loan is presented as a deduction from the loan thereby reducing the proceeds of borrowing and increasing the effective interest rate to 6.47%. The interest expense for the year ended December 31, 2022 is \$ 7,948,598.

Using the proceeds of the loan availed from SBI, the Company repaid the entire term loans payable to JP Morgan Chase Bank, at a loss of extinguishment amounting to \$ 555,424, which includes write-off of unamortized debt issuance costs and debt discount. Loss of extinguishment of debt has been recognized in the statements of income under the head "interest expense".

All the assets of the Company (except equipment financed through City National Bank of Florida, Fifth Third Bank and Citizens bank) are collateralized against the term loan from SBI.

In addition, the Company also obtained a revolving loan facility from SBI with an aggregate principal amount not exceeding \$ 25,000,000, on September 27, 2022. The term length of the revolving loan facility is for a period of 5 years. No amount on the revolving credit facility have been drawn down as of December 31, 2022.

The interest expense pertaining to the above term loans & revolving loans amounts to \$ 6,527,697 (December 31, 2021: \$ 4,230,751).

The Company has incurred a guarantee commission expense payable to its Parent Company, Piramal Pharma Limited amounting to \$ 206,506, in the current year (*Refer Note 5*). Guarantee commission has been recognized in the statements of income, under the head "Interest expense".

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Notes payable

The Company obtained three term notes from banks amounting to \$ 6,657,060 during the year ended December 31, 2019. The notes bear annual interest rates in the range of 4.72%-4.96%.

The Company obtained six term notes from banks amounting to \$ 12,849,178 during the year ended December 31, 2020. The notes bear annual interest rates in the range of 3.25%-3.34%.

During the year ended December 31, 2021, the Company obtained two term notes from banks amounting to \$ 3,365,373. The notes bear annual interest rates in the range of 3.25%-3.27%.

During the year ended December 31, 2022, the Company prepaid the note payable to PNC bank in full in the amount of \$ 1,632,669.

The term of all notes is five years. The interest expense for the year ended December 31, 2022 is \$ 1,214,396 (December 31, 2021: \$ 662,220). The outstanding balance of the notes as at December 31, 2022 is \$ 10,557,889 (December 31, 2021: \$ 16,300,458).

Future minimum principal payments for the term loans and notes payable are as follows :-

Year ended December 31,	Amount (\$)
2023	15,643,597
2024	29,962,156
2025	29,150,428
2026	26,718,053
2027	84,092,500
	185,566,734
Less: Unamortized debt issuance and debt discount cost	(1,883,483)
Total	183,683,251

Loan from Piramal Healthcare Inc. ("PHI")

As of December 31, 2022, the Company has a long-term debt from PHI amounting to \$ Nil (December 31, 2021: \$ 50,495,015) after repaying the entire loan amount outstanding to PHI from the proceeds of the term loan availed from SBI in the current year. The interest rate at the end of the year i.e., on December 31, 2022 was 2% p.a. (previous year, 2% p.a.). The interest expense for the years ended December 31, 2022, and 2021, was \$ 830,354 and \$ 1,000,531, respectively.

NOTE O - COMMITMENTS AND CONTINGENCIES

Capital commitments

As of December 31, 2022, and 2021, the Company has committed to spend \$ 8,210,982 and \$ 862,831, respectively, under agreements to purchase equipment's and intangibles. This amount is net of capital advances paid in respect of these purchases.

Litigations and claims

On June 9, 2021, the Company received a Notice of Potential Violations and Opportunity to Confer from the United States Environmental Protection Agency (EPA). The Notice set forth six potential violations, including, without limitation, operation of a hazardous waste storage facility without a permit. The EPA has provided the Company an opportunity to meet and confer with the EPA to explain the violations and/or why an administrative complaint or penalty should not be issued. The Notice did not confirm that any actual violations had occurred or that an administrative complaint would definitively be issued; however, the management of the Company had recognized a liability based on an initial estimate in the range of \$ 50,000 to \$ 200,000. A meeting was held between the Company and EPA on August 11, 2021 whereby the Company provided its defences and positions regarding the alleged violations. During the year ended December 31, 2022, the Company and the EPA entered into a consent agreement whereby the Company agreed to pay \$ 58,031 in resolution of the observations and alleged violations noted by the EPA as a result of their inspection. On May 05, 2022, the Company paid the entire amount of \$ 58,031 as full and final settlement and there is no liability outstanding as of December 31, 2022.

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Letter of credit

The Company had \$ 1,242,713 and \$ Nil of secured letters of credit outstanding as of December 31, 2022 and December 31, 2021, respectively. These primarily relate to securing the supply of products to third parties in the ordinary course of business and are collateralized by money market funds. The following table presents our material contractual obligations as of December 31, 2022.

Total	By period			
	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
1,242,713	1,242,713	-	-	-
1,242,713	1,242,713	-	-	-

NOTE P - INCOME TAXES

For the year ended December 31, 2022, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States of America. The Company is a member of Piramal Healthcare Inc. consolidated federal tax group.

The Company files combined state tax returns with affiliated companies in certain states while in certain states, the Company files the tax returns at the standalone level.

The components of the provision for income tax are as follows:

	For the year ended	
	December 31, 2022	December 31, 2021
Current taxes		
Federal	6,936,922	8,867,846
State	1,083,594	1,309,964
	8,020,516	10,177,810
Deferred taxes		
Federal	(2,480,536)	(3,676,252)
State	63,465	(358,811)
	(2,417,071)	(4,035,063)
		-
Total	5,603,445	6,142,747

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income tax are as follows:

	For the year ended	
	December 31, 2022	December 31, 2021
Income tax at federal rate	5,070,340	5,260,952
State tax, net of federal effect	1,012,959	826,768
Return to provision adjustment	(107,412)	324,834
Permanent differences	(357,308)	(227,202)
Current tax true-up	(12,682)	-
Change in valuation allowance	(2,452)	(42,605)
Total	5,603,445	6,142,747

Significant components of the Company's net deferred income taxes are as follows:

	As at	
	December 31, 2022	December 31, 2021
Non-current deferred tax liabilities		
Property, plant and equipment	(8,027,207)	(9,785,232)
Goodwill	(1,412,978)	(1,063,163)
	(9,440,185)	(10,848,395)

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Non-current deferred tax assets

Accounts receivable	384,811	1,915,889
Accrued expenses & reserves	8,066,614	5,088,982
Inventories	350,189	653,896
Intangibles other than goodwill	39,054	2,320,182
Net operating losses carried forward	2,513,439	832,950
Research & development expenses	150,550	-
Unrealised foreign exchange gain/loss	409,254	95,604
	11,913,911	10,907,503

Net deferred taxes	2,473,726	59,108
Less: deferred tax asset valuation allowance	(273,904)	(276,356)
Net deferred taxes after tax allocation	2,199,822	(217,248)

Components of net deferred taxes

Net non-current portion	2,199,822	(217,248)
Total	2,199,822	(217,248)

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

The Company has federal net operating loss (subject to IRC Section 382 restrictions) available of \$ 1,948,830 and \$2,273,635 as on December 31, 2022 and December 31, 2021 respectively, which if unutilized will expire beginning from the year 2022. The Company has state net operating loss available of \$ 7,262,316 and \$ 7,430,438 as on December 31, 2022 and December 31, 2021, which if unutilized will expire based on respective state statutes.

The Company has no R&D credit carryforwards as on December 31, 2022.

The Company is party to a Tax Sharing Agreement, with an effective date of January 1, 2018, with Piramal Healthcare Inc. ("PHI"). The Tax Sharing Agreement sets forth, among other things, each of the Company's and PHI obligations in connection with filing consolidated federal, state and foreign tax returns. The agreement provides that current income tax expense (benefit) is computed on a separate return basis and members of the tax group shall make payments (or receive reimbursement) to or from PHI to the extent their income (losses and other credits) contribute to (reduce) the consolidated income tax expense. The consolidating companies are reimbursed for the net operating losses or other tax attributes they have generated when utilized in the consolidated returns. The Company may recognize a benefit in the calculation of its provision for income taxes to the extent that foreign tax credits, capital losses and other tax attribute generated by the Company can be utilized both on a separate company basis and in the consolidated or combined tax returns of PHI. As of December 31, 2022 the Company has a balance receivable of \$ 10,500 (December 31, 2021: \$ 603,276) from PHI with respect to federal taxes and state taxes respectively under the Tax Sharing Agreement.

Per the Tax Sharing Agreement, for all taxable years from January 1, 2018 in which the Company is included in the consolidated group, PHI shall pay the entire federal income tax liability of the consolidated group and shall indemnify and hold harmless the Company against any such liability; provided, however, that the Company shall make payments to or receive payments from PHI as provided in the Tax Sharing Agreement for any taxable year during which the Company is included in the consolidated group.

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at December 31, 2022 and December 31, 2021.

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The tax years of 2019 through 2021 remain subject to examination by the taxing authorities.

NOTE Q - EMPLOYEE BENEFIT PLANS

The Company contributes 100% of the salary deferrals to the extent that they do not exceed 5% of the compensation. The total expense for employee retirement benefit plans for the year ended December 31, 2022 was \$ 711,971 (December 31, 2021: \$ 758,371).

NOTE R - SHARE BASED COMPENSATION ARRANGEMENTS**Cash settled stock appreciation rights ("SAR")**

The Company in 2014 introduced a compensation scheme, to award the scheme participants (employees), a cash reward equivalent to the difference in the base share price of Piramal Enterprises Limited, pre-determined in the agreement and the share price of Piramal Enterprises limited as on each vesting date which shall be paid to the participant, subject to the performance conditions specified in the plan document. Following is the summary of the ongoing schemes as at December 31, 2021:

Scheme name	SARs	Base price - Piramal Enterprises Limited	Weighted average remaining contractual life
F – 20	1,604	INR 1,532	12 months

The reconciliation for SARs issued is given below:

	For the year ended	
	December 31, 2022	December 31, 2021
Opening balance	802	1,604
Granted	-	-
Exercised	(802)	(802)
Cancelled	-	-
Balance	-	802

The fair value of the SARs outstanding has been estimated as of December 31, 2021 using the Black-Scholes single option pricing model. Assumptions used by the Company for valuing the options granted during the year ended December 31, 2021, are as follows:

Valuation and amortization method – The Company estimates the fair value of stock options granted using the Black-Scholes option-pricing formula. The fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period.

Expected term – The expected term represents the period that the Company's stock-based awards are expected to be outstanding. The Company has estimated the expected term to be the time remaining until vesting.

Expected volatility – Management establishes volatility for option grants by evaluating the average historical volatility of PEL for the period immediately preceding the option grant for a term that is approximately equal to the option's expected term. Management believes historical volatility to be the best estimate of future volatility. Volatility will be analysed on every reporting date unless management becomes aware of events that would indicate more frequent analysis is necessary.

Risk-free interest rate – The risk-free interest rate used in the Black-Scholes valuation method is based on the implied yield currently available on U.S. Treasury Bonds with an equivalent remaining term.

Expected dividend – The dividend yield considered for each tranche is computed based on PEL's average dividend yield for a period equal to the remaining life of the SARs in each tranche.

As of December 31, 2022 and December 31, 2021, the SARs liability was \$ Nil and \$ 13,559, respectively, included in other current liabilities on the balance sheets.

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NOTE S - RELATED PARTY TRANSACTIONS

The Company had transactions with –

A) Ultimate Parent Company

1. Piramal Enterprises Limited, India (erstwhile Parent Company)

2. Piramal Pharma Limited, India

B) Parent Company

1. Piramal Healthcare Inc.

C) Other related parties where common control exists

1. Piramal Pharma Inc.

2. Convergence Chemicals Private Limited

3. Piramal Critical Care UK Ltd

4. Piramal Healthcare UK Ltd

5. Piramal Critical Care Italia S.P.A

6. Piramal CC Deutschland GmbH

7. Ash Stevens LLC

8. Piramal Pharma Solutions Inc.

9. Piramal Healthcare Canada Limited

10. Piramal Critical Care S Africa Pty

11. Piramal Critical Care Pty Ltd

12. Piramal Critical Care B.V.

13. Piramal Corporate Services Private Limited

14. Piramal Critical Care Pty Limited

15. PEL Healthcare LLC

Balances with related parties as on December 31, 2022, and December 31, 2021

Name of related parties	As at	
	December 31, 2022	December 31, 2021
Piramal Enterprises Limited		
Accounts receivable	2,097	23
Accounts payable	-	83,778
Piramal Critical Care UK Ltd		
Accounts receivable	84,587	1,958,986
Loan receivable	3,000,000	3,000,000
Other current assets	126,652	2,404
Piramal Pharma Limited		
Accounts receivable	4,848,977	2,501,799
Accounts payable	2,175,193	1,855,738
Ash Stevens LLC		
Accounts receivable	470,014	231,361
Accounts payable	102,978	2,852
Piramal Pharma Solutions Inc.		
Accounts receivable	25,119	438

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PEL Healthcare LLC

Accounts receivable	39,330	4,867
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Piramal Healthcare Inc.

Accounts receivable	10,500	603,274
Other current assets	4,639,741	-
Other current liabilities	81,585	-

Piramal Healthcare Canada Limited

Accounts receivable	6,226	-
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Piramal Healthcare UK Limited

Accounts receivable	729,250	175,641
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Piramal Critical Care Italia S.P.A

Other current assets	37,039	-
Loan receivable	3,007,200	-

Convergence Chemicals Private Limited

Accounts payable	1,160,000	2,750,000
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Piramal Critical Care S Africa Pty

Accounts payable	-	52,412
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Piramal Corporate Services Private Limited

Other current liabilities	337,487	338,687
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Piramal Critical Care B.V.

Accounts receivable	10,872,140	8,246,259
Loan receivable	5,870,997	6,500,000
Other current assets	44,958	204,277

Piramal Critical Care Pty Ltd

Accounts payable	-	4,718
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Related party transactions for the years ended December 31, 2022 and December 31, 2021

Name of related parties	For the year ended	
	December 31, 2022	December 31, 2021
Piramal Enterprises Limited		
Receivable for expense	2,074	531,142
Payable for expenses	-	315,538
Piramal Critical Care UK Limited		
Receivable for expense	83,002	85,057
Interest income	124,248	2,404
Piramal Pharma Limited		
Sales	4,554,256	3,036,036
Receivable for expense	81,028	213,693
Purchases	12,316,328	11,452,021
Guarantee commission*	206,507	-

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Ash Stevens LLC

Receivable for expense	855,570	683,486
Payable for expense	141,169	36,949

Piramal Pharma Solutions Inc.

Receivable for expense	89,510	2,836
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PEL Healthcare LLC

Receivable for expense	91,280	12,306
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Piramal Healthcare Inc. (Refer Note P for details on tax sharing)

Receivable for expense	10,500	-
Interest expense	934,519	1,007,141

Piramal Healthcare Canada Limited

Receivable for expense	56,032	-
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Piramal Healthcare UK Ltd.

Receivable for expense	729,250	175,641
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Convergence Chemicals Private Limited

Purchases	17,710,000	18,250,000
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Piramal Corporate Services Private Limited

Royalty **	583,020	913,904
Payable for expense	584,549	-

Piramal Critical Care Pty Ltd.

Payable for expense	8,778	25,803
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Piramal Critical Care Italia S.P.A

Interest income	37,075	-
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Piramal Critical Care B.V.

Sales	11,211,303	8,024,708
Receivable for expense	-	72,104
Interest income	251,527	204,277

* During the current year ended December 31, 2022, the Company paid guarantee commission to Piramal Pharma Limited ('PPL') amounting to \$ 206,506 pertaining to the guarantee provided by PPL to State Bank of India (London Branch), against the term loan facility availed by the Company. The guarantee commission is payable at 0.5% p.a. on the balance of the loan.

** The Company pays royalty to Piramal Corporate Services Private Limited at 0.75% of the net sales of the Company (excluding related party sales) owing to the Piramal logo used by the Company.

Loan to Piramal Critical Care B.V. ('PCC BV')

The Company has granted a loan amounting to \$ 6,500,000 to PCC BV during the year ended December 31, 2021, at an interest rate of 3.6875 % p.a. The loan has a term of 3 years maturing on December 31, 2023, and will be automatically renewed for subsequent periods of one year. During the current year, the Company has provided an additional loan of \$ 2,100,000. The loan receivable and interest receivable as at December 31, 2022 was \$ 5,870,997 and \$ 44,958, respectively (December 31, 2021: 6,500,000 and \$ 204,277, respectively). The loan receivable and interest receivable have been presented on the balance sheets under the head "Loans to related parties - non-current" and "Other current assets", respectively. Interest income thereon during the year ended December 31, 2022 was \$ 204,227 (December 31, 2021: \$ 251,527), which is presented in the statements of income under the head "Other income, net of other expenses".

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Loan to Piramal Critical Care B.V. ('PCC UK')

The Company has granted a loan amounting to \$ 3,000,000 to PCC UK during the year ended December 31, 2021 at an interest rate of 3.25 % p.a. The loan is provided for a term of 5 years. The loan receivable and interest receivable as at December 31, 2022 was \$ 3,000,000 and \$ 126,652, respectively (December 31, 2021: 3,000,000 and \$ 2,404, respectively). The loan receivable and interest receivable have been presented on the balance sheets under the head "Loans to related parties - non-current" and "Other current assets", respectively. Interest income thereon during the year ended December 31, 2022 was \$ 124,248 (December 31, 2021: \$ 2,04), which is presented in the statements of income under the head "Other income, net of other expenses".

Loan to Piramal Critical Care Italia S.P.A ('PCC Italia')

The Company has granted a loan amounting to \$ 3,007,200 (Euro 3,000,000) to PCC Italia during the year ended December 31, 2022, at an interest rate of 6.50% p.a. The loan matures on March 31, 2023, and will be automatically renewed for subsequent periods of one year. The loan receivable and interest receivable as at December 31, 2022 was \$ 3,007,200 and \$ 37,039, respectively. The loan receivable and interest receivable have been presented on the balance sheets under the head "Loans to related parties - current" and "Other current assets", respectively. Interest income thereon during the year ended December 31, 2022 was \$ 37,039, which is presented in the statements of income under the head "Other income, net of other expenses".

All the above balances form part of accounts receivable, accounts payable, other current assets, other current liabilities, loans to related parties - current and loans to related parties - non-current.

These related party transactions are in the normal course of business operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

NOTE T - STOCKHOLDER'S EQUITY

Common stock issued as at December 31, 2022 was \$1,000 par each. (December 2021: 10,000 shares of \$ 1,000 par each)

The Company paid dividend amounting to \$ 11,620,000 to its Parent Company during the year ended December 31, 2022 (December 31, 2021: \$ 13,380,000).

NOTE U - REVENUE FROM CONTRACT WITH CUSTOMERS

The Company's contracts with customers are comprised of purchase orders along with standard terms and conditions. These contracts with customers typically consist of sale of products which represent single performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time.

The following table disaggregates revenue based on geographical regions:

	For the year ended	
	December 31, 2022	December 31, 2021
North America	143,705,948	133,877,264
South & Central America	15,366,330	13,282,336
Asia	15,025,232	11,032,108
Europe	11,011,613	10,421,454
Middle East	6,711,263	9,150,681
Africa	4,146,146	3,713,361
Total	195,966,532	181,477,204

NOTE V - RISK AND UNCERTAINTIES

The Company's future results of operations involve several risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

The management of the Company has also evaluated the possible effect of COVID – 19 on the carrying amount of accounts receivables and other assets and believes that the current COVID-19 scenario is not/will not materially impact the financial statement of the Company for the year ended on December 31, 2022. The Company will continue to monitor developments to identify significant uncertainties surrounding COVID-19 and its impact on performance of the Company for future periods.

NOTE W - FAIR VALUE MEASUREMENTS

The Company's financial instruments consist primarily of long-term and short-term borrowings, cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued expenses, the fair values of which approximate their carrying values. As a policy, the Company does not engage in speculative or leveraged transactions.

The Company measures short-term highly liquid investments in money market funds at fair value on a recurring basis. The fair value measurements of these investments were determined using the following inputs as of December 31, 2022:

	As of December 31, 2022		
	Quoted price in active markets for identical assets	Significant other observable inputs	Significant other unobservable inputs
	(Level 1)	(Level 2)	(Level 3)
Investment in money market fund (1)	7,000,000	-	-
Restricted cash and cash equivalents (2)	1,429,598	-	-
Total	8,429,598	-	-

(1) Classified as cash & cash equivalents on the balance sheet.

(2) Includes money market funds that are highly liquid investments with maturity periods of three months or less.

NOTE X - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after December 31, 2022, through the date the financial statements were available to be issued.

From January 2023 to March 2023, the Company disbursed loans amounting to \$ 29,450,976 to its related parties.

On January 18, 2023, and March 16, 2023, the Company has draw-down additional term loans amounting to \$ 5,000,000 and \$ 20,000,000, respectively, from SBI. Additionally, on March 17, 2023, the Company has also drawn an amount of \$25,000,000 from the revolving facility from SBI.

The Company is not aware of any other events or transactions that would require recognition or disclosure in the financial statements.

Piramal Pharma Solutions Inc.

Financial statements

December 31, 2022, and December 31, 2021

KNAV P.A.

Certified Public Accountants
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America Counts on CPAs

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Independent auditor's report

To the Board of Directors
Piramal Pharma Solutions Inc.

Opinion

We have audited the financial statements of Piramal Pharma Solutions Inc. (the "Company"), which comprise the balance sheets as of December 31, 2022, and December 31, 2021, the related statements of loss, stockholder's deficit and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of December 31, 2022, and December 31, 2021, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

KNAV P.A.

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2023-130-US



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KNAV P.A.

Atlanta, Georgia
May 06, 2023

KNAV P.A.

Certified Public Accountants

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2023-130-US

Piramal Pharma Solutions Inc.

Financial statements

December 31, 2022, and December 31, 2021

Financial statements

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Financial statements

December 31, 2022, and December 31, 2021

Balance sheets*(All amounts are stated in United States Dollars, unless otherwise stated)***ASSETS****Current assets**

	Notes	As at December 31, 2022	December 31, 2021
Cash and cash equivalents	C	719,463	616,030
Restricted cash	D	25,740	25,701
Accounts receivable, net	E	3,821,871	6,450,917
Due from related parties	R	5,035,705	3,207,343
Inventories	F	5,843,231	4,674,502
Unbilled revenue		205,909	1,232,285
Other current assets	G	316,871	373,374
Total current assets		15,968,790	16,580,152

Property, plant and equipment, net

	H	31,486,816	30,401,013
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Goodwill		6,364,870	6,364,870
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Intangible assets, net	I	176,050	272,923
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Operating lease right-of-use asset	Q	2,452,949	-
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Finance lease right-of-use asset	Q	2,701,497	-
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Total assets		59,150,972	53,618,958
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LIABILITIES AND STOCKHOLDER'S DEFICIT**Current liabilities**

Accounts payable	J	2,412,922	2,871,763
Due to related parties	R	1,490,110	1,509,886
Short term borrowings	K	31,150,000	24,400,000
Current portion of operating lease liability	Q	1,560,450	-
Current portion of finance lease liability	Q	1,500	-
Other current liabilities	M	19,484,433	21,950,713
Total current liabilities		56,099,415	50,732,362

Long term borrowings	L	73,938,214	60,869,214
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Deferred tax liability, net	O	188,687	159,681
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Deferred revenue, net of current portion		929,423	521,570
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Operating lease liability, excluding current portion	Q	1,010,957	-
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Finance lease liability, excluding current portion	Q	2,728,230	-
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Total liabilities		134,894,926	112,282,827
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Stockholder's deficit

Common stock		-	-
(1000 shares at no par value, authorized, issued and outstanding)		-	-
Additional paid in capital		14,334,115	14,334,115

Piramal Pharma Solutions Inc.

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Accumulated deficit	(90,078,069)	(72,997,984)
Total stockholder's deficit	(75,743,954)	(58,663,869)
Total liabilities and stockholder's deficit	59,150,972	53,618,958

(The accompanying notes are an integral part of these financial statements)

Piramal Pharma Solutions Inc.

Financial statements

December 31, 2022, and December 31, 2021

Statements of loss*(All amounts are stated in United States Dollars, unless otherwise stated)*

		Year ended	
	Notes	December 31, 2022	December 31, 2021
Operating revenues	N	22,976,499	24,720,306
Less: cost of revenues (excluding depreciation and amortization)		(25,227,708)	(24,382,576)
Gross (loss)/profit		(2,251,209)	337,730
Cost and expenses			
Selling, general and administrative expenses		9,362,665	4,757,730
Depreciation and amortization	H, I and Q	1,551,332	3,048,493
Total cost and expenses		10,913,997	7,806,223
Operating loss		13,165,206	(7,468,493)
Other income		(39)	(51)
Interest expense		3,883,311	2,849,394
Loss before income taxes		(17,048,478)	(10,317,836)
Current tax expense		2,601	2,081
Deferred tax expense		29,006	16,760
Net loss		(17,080,085)	(10,336,677)

(The accompanying notes are an integral part of these financial statements)

Piramal Pharma Solutions Inc.
Financial statements
December 31, 2022, and December 31, 2021

Statements of stockholder's deficit

(All amounts are stated in United States Dollars, except number of shares)

Particulars	Common stock		Additional paid in capital	Accumulated deficit	Total stockholder's deficit
	Authorized, issued and outstanding				
	Shares	Value US\$			
Balance as at January 01, 2021	1,000	-	14,334,115	(62,661,307)	(48,327,192)
Net loss for the year	-	-	-	(10,336,677)	(10,336,677)
Balance as at December 31, 2021	1,000	-	14,334,115	(72,997,984)	(58,663,869)
Balance as at January 01, 2022	1,000	-	14,334,115	(72,997,984)	(58,663,869)
Net loss for the year	-	-	-	(17,080,085)	(17,080,085)
Balance as at December 31, 2022	1,000	-	14,334,115	(90,078,069)	(75,743,954)

(The accompanying notes are an integral part of these financial statements)

Piramal Pharma Solutions Inc.

Financial statements

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Statements of cash flows*(All amounts are stated in United States Dollars, unless otherwise stated)***Year ended****December 31, 2022 December 31, 2021****Cash flows from operating activities**

Net loss	(17,080,085)	(10,336,677)
<i>Adjustments to reconcile net loss to net cash used in operating activities</i>		
Depreciation and amortization	1,551,332	3,048,493
Provision of allowance for doubtful debts	3,987,948	198,806
Deferred tax expense	29,006	16,760
<i>Changes in net operating assets and liabilities</i>		
Accounts receivable	(3,187,264)	(3,778,809)
Inventories	(1,168,729)	(1,640,083)
Unbilled revenue	1,026,376	(524,094)
Other current assets	56,501	67,848
Accounts payable	(478,615)	1,772,625
Other current liabilities	(2,466,280)	4,894,808
Operating lease obligations	118,459	-
Deferred revenue, non-current portion	407,852	521,570
Net cash used in operating activities	(17,203,499)	(5,758,753)

Cash flows from investing activities

Purchase of property, plant and equipment & software	(2,510,602)	(1,659,982)
Net cash used in investing activities	(2,510,602)	(1,659,982)

Cash flows from financing activities

Proceeds from loan from related party	22,289,000	3,000,000
Proceeds from short term borrowings from bank	2,500,000	4,250,000
Repayment of loan to related party	(4,970,000)	(2,300,000)
Repayment of principal portion of the finance lease liability	(1,427)	-
Net cash provided by financing activities	19,817,573	4,950,000

Net increase (decrease) in cash, cash equivalents and restricted cash

	103,472	(2,468,735)
Cash, cash equivalents and restricted cash at the beginning of the year	641,731	3,110,466
Cash, cash equivalents and restricted cash at the end of the year	745,203	641,731

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Supplementary cash flow information

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<i>Cash, cash equivalents and restricted cash at the end of the year</i>		
Cash and cash equivalents	719,463	616,030
Restricted cash	25,740	25,701
Interest paid	4,420,061	710,629
Taxes paid	100	-

(The accompanying notes are an integral part of these financial statements)

Piramal Pharma Solutions Inc.

Financial statements

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Notes to financial statements

(All amounts are stated in United States Dollars, unless otherwise stated)

NOTE A - NATURE OF OPERATIONS

Piramal Pharma Solutions Inc. ("PPSI" or "the Company") is a provider of contract pharmaceutical research and development and manufacturing services. The Company does not manufacture its own pharmaceutical products, nor does it provide pharmaceutical products for resale. The Company is a fully integrated analytical, formulation development and pharmaceutical clinical supply manufacturing facility registered with the United States Food and Drug Administration. PEL Pharma Inc. (Parent Company), a subsidiary of Piramal Pharma Limited ("PPL" or the "ultimate parent company"), holds ownership interest of the Company.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). The significant accounting policies are detailed below:

Basis of preparation

- a. The accompanying financial statements are prepared under historical cost convention on the accrual basis of accounting in accordance with accounting and reporting requirements of US GAAP to reflect the financial position, results of operations and cash flows.
- b. The financial statements are presented for the calendar years 2022 and 2021. All amounts are stated in United States Dollars ("USD"), unless specified otherwise.
- c. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on the previously reported net loss or stockholder's deficit.

Going concern issue

The Company has prepared its Financial Statements assuming that the Company will continue as a going concern. As on December 31, 2022, current liabilities are \$56,099,415 and the current assets are \$15,968,790. Additionally, the Company has an accumulated deficit of \$90,078,069 and stockholder's deficit of \$75,743,954. The Company generated negative operating cash flows of \$17,203,499 during 2022. All these conditions raise substantial doubt about the Company's ability to continue as a going concern. However, the Company has future business development plans in place to support growth in terms of sales and profitability. The management has prepared future projections supported by business plans and business developmental activities to be undertaken. In view of the continued support from Piramal Pharma Limited (ultimate parent company), the management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's

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estimates for determination of useful lives for property, plant and equipment and intangible assets, and other long-lived assets for impairment, revenue recognition, accounting for leases, provision for doubtful debts and inventory valuation at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates prospectively in the current and future periods.

Cash and cash equivalents

Cash equivalents consist of highly liquid investments with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of \$ 250,000.

Restricted cash deposits do not form part of cash and cash equivalents. For the purpose of presentation on the cash flow statements, restricted cash is included with cash and cash equivalents when reconciling the beginning-of-year and end-of-year amounts presented on the statements of cash flows. Restricted cash consists of amounts held in restricted accounts as a certificate of deposit with Kentucky Utilities. The aggregate capacity of this secured letter of credit facility is \$25,000.

Revenue recognition

The Company derives revenue from contract manufacturing services provided under customer contracts, which are disaggregated into the following revenue streams:

i. Service revenue

The service revenue stream represents revenue from non-manufacturing related services associated with the custom development of a customer's product. These projects are customized to each customer to meet their specifications and typically involve contract milestones which are generally fixed price contracts. Each process or contract milestone represents a distinct service that is sold separately and has stand-alone value to the customer. Revenue is recognized when performance obligation is satisfied at a point of time and control is transferred to the customer, upon completion of contract milestone.

Revenue from time and material-based contract milestones are recognized over time based on number of hours spent on the related services performed applying the contracted rates.

ii. Manufacturing revenue

Under a manufacturing contract for customer product in development stage, the customer owns the product details and process, which has no alternative use. These projects are customized to each customer to meet their specifications and typically involve contract milestones. Each contract milestone represents a distinct service that is sold separately and has stand-alone value to the customer. Revenue is recognized when performance obligation is satisfied at a point of time, upon completion of contract milestone.

Contract balances

The timing of revenue recognition, billings and cash collections results in billed trade receivables, contract assets (unbilled receivables), and contract liabilities (customer deposits and deferred revenue). Contract assets are recorded when the right to consideration is conditioned on something other than the passage of time. Contract

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assets are reclassified to trade receivables on the balance sheet when the rights become unconditional. Contract liabilities represent customer deposits and deferred revenue billed and/or received in advance of the fulfilment of performance obligations. Contract liabilities convert to contract manufacturing revenue on performance of obligations under the contract.

Practical expedients and contract costs

The Company applies the practical expedient available under Accounting Standards Codification (“ASC”) 606 that permits not to disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. In addition, there are no unsatisfied performance obligations for contracts greater than one year. Costs incurred to obtain or fulfill a contract are not material.

Accounts receivable and allowance for doubtful debts

Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions.

The Company follows the specific identification method for recognizing allowance for doubtful debts. Management analyzes composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness of each accounts receivable when evaluating the adequacy of the allowance for doubtful accounts.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the moving average method. Net realizable value is the estimated selling price less applicable selling expenses. If the carrying value exceeds net realizable amount, a write-down is recognized.

Property, plant and equipment and depreciation

Property, plant and equipment acquisitions are stated at cost less accumulated depreciation. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method, including capital lease assets which are depreciated over the terms of their respective leases. Leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

The estimated useful life used to determine depreciation is:

Building	5 – 39 years
Leasehold improvements	5 – 10 years or lease period
Machinery and equipment	3 – 10 years
Furniture and fixtures	3- 5 years
Computers and related equipment	3- 5 years
Vehicles	3 years

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipment not ready for use before such date are disclosed under construction-in-progress.

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Business combinations, goodwill and other intangibles

In accordance with ASC 805, “Business Combinations”, the Company uses the purchase method of accounting for all business combinations. Intangible assets acquired in a business combination are recognized and reported apart from goodwill if they meet the criteria specified in ASC 805. Any purchase price allocated to an assembled workforce is not accounted separately.

Effective January 1, 2017, the Company prospectively adopted the provisions of Financial Accounting Standards Board “FASB” issued ASU 2017-04, “Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment” (“ASU 2017-04”). ASU 2017-04 eliminates the second step of the goodwill impairment test. For goodwill impairment tests occurring after January 1, 2017, if the carrying value of a reporting unit exceeds its fair value, the Company will measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required. The estimated useful lives of the amortizable intangible assets are as follows:

Customer relationships	7 years
Software	3 – 7 years

The Company has considered the “push down effect” of fair value adjustments and presented the goodwill and intangible assets identified at acquisition.

Impairment of long-lived assets

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Operating leases

The Company adopted Topic ASC 842, Leases, on January 1, 2022, using a modified retrospective method applied to all contracts. As a result, financial statements for reporting periods after December 31, 2021, are presented in accordance with the current lease standard and those prior to January 1, 2022, are presented under ASC 840. Further information regarding the adoption impact is provided under “Recently adopted accounting pronouncements.”. The Company elected the package of practical expedients to not allocate contract consideration between lease and non-lease components.

The Company identifies a contract as a lease or containing a lease upon signing and categorizes it as an operating or finance lease. Lease assets and liabilities are recorded upon lease commencement. The Company primarily has operating leases for office space, research facility and lease for rental equipment. The Company also maintains a finance lease signed with the University of Kentucky which is utilized as its research campus.

Piramal Pharma Solutions Inc.

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Operating and finance leases are presented separately as right-of-use (“ROU”) assets and the corresponding lease liabilities are included in operating/finance lease liabilities, excluding current portion and current portion of operating/finance lease liability on the Company’s balance sheets. ROU assets represent the Company’s right to use an underlying asset and lease liabilities represent the Company’s obligation for lease payments in exchange for the ability to use the asset for the duration of the lease term. The Company does not recognize short-term leases that have a term of twelve months or less as ROU assets or lease liabilities. ROU assets and lease liabilities are recognized at commencement date and determined using the present value of the future minimum lease payments over the lease term.

The incremental borrowing rate is used as the discount rate to calculate present value of lease payments and determine lease assets and liabilities, as the rate implicit in the lease is not determinable. The incremental borrowing rate represents the rate of interest the Company would have to pay to borrow on a collateralized loan over a similar term, an amount equal to the lease payments in a similar economic environment. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

Income taxes

In accordance with the provisions of FASB ASC Topic 740 “Income Taxes,” income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized.

The Company is a member of a group that files a consolidated federal tax return. Accordingly, income taxes payable to the tax authority is recognized on the financial statements of the parent company which is the taxpayer for income tax purposes. The Company approximates the amounts that would be reported if it was separately filing its tax return.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

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- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, short-term, and long-term borrowings. The estimated fair value of cash and cash equivalents, accounts receivable, accounts payable, short-term, and long-term borrowings approximate their carrying amounts of these instruments. None of these instruments are held for trading purposes.

Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Recently adopted accounting pronouncements

On January 1, 2022, the Company adopted Financial Accounting Standards Board ("FASB") ASU No. 2016-02, Leases (Topic 842), which requires recognition of right-of-use ("ROU") assets and lease liabilities for most leases on the Company's balance sheets. The Company adopted Topic 842 using a modified retrospective transition approach as of the effective date as permitted by the amendments in ASU 2018-11. As a result, the Company was not required to adjust its comparative periods' financial information for effects of the standard or make the new required lease disclosures for the periods before the date of adoption (i.e., January 1, 2022). The Company elected the practical expedient to not separate lease and non-lease components for its facility leases. The Company notes that adopting the new standard resulted in recording an operating lease liability totalling \$ 3,857,903 and a finance lease liability of \$ 2,731,156. Corresponding operating right-of-use asset and Financing right-of-use asset as of January 01, 2022, were \$ 3,851,217 and \$ 2,731,156.

Recent accounting pronouncements not yet adopted

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," or ASU No. 2016-13. The amendments in ASU No. 2016-13 introduce an approach based on expected losses to estimated credit losses on certain types of financial instruments, modify the impairment model for available-for-sale debt securities and provide for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The new standard requires financial assets measured at amortized cost be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The standard will be effective for the Company January 1, 2023, with early application permitted. The Company is currently evaluating the impact of adopting this new accounting guidance on its financial statements.

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

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	As at	
	December 31, 2022	December 31, 2021
Balance in bank accounts	719,463	616,030
Total	719,463	616,030

Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$250,000 per financial institution per depositor at each financial institution, and the Company's non-interest-bearing cash balances may exceed federal insured limits.

NOTE D - RESTRICTED CASH

The Company has maintained a certificate of deposit amounting to \$ 25,740 during the year ended December 31, 2022 (December 31, 2021: \$ 25,701) per a utility contract entered into by the Company. The deposit is of a current nature. The Company earned interest of \$ 39 on the said deposit during the year ended December 31, 2022 (December 31, 2021: \$51) which is presented as 'other income' on the statements of loss.

NOTE E - ACCOUNTS RECEIVABLE, NET

Accounts receivable as at December 31, 2022 and December 31, 2021 are stated net of allowance for doubtful accounts:

	As at	
	December 31, 2022	December 31, 2021
Accounts receivable	8,824,592	7,465,690
Less: Provision for doubtful debts	(5,002,721)	(1,014,773)
Accounts receivable, net of allowances	3,821,871	6,450,917

The movement in provision for doubtful debts during the year was as follows:

	Year ended	
	December 31, 2022	December 31, 2021
Balance at beginning of the year	1,014,773	815,967
Add: Provision during the year	3,987,948	198,806
Less: Provision reversed during the year	-	-
Balance at the end of the year	5,002,721	1,014,773

NOTE F - INVENTORIES

Major classes of inventory include the following:

	As at	
	December 31, 2022	December 31, 2021
Consumables	3,023,352	1,809,730
Raw materials	3,084,352	2,926,657
Work in progress	399,762	356,773
Less: provision for slow moving and obsolete items	(664,235)	(418,658)
Total	5,843,231	4,674,502

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NOTE G - OTHER CURRENT ASSETS

Other current assets include the following:

	As at	
	December 31, 2022	December 31, 2021
Prepaid expenses	224,004	240,277
Advances and vendor deposits	18,850	50,499
Others	74,017	82,598
Total	316,871	373,374

NOTE H - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, include the following:

	As at	
	December 31, 2022	December 31, 2021
Building	5,672,458	5,672,458
Leasehold improvements	2,426,336	2,306,385
Machinery, Computers and related equipment	20,965,671	20,291,882
Furniture and fixtures	464,959	464,959
Vehicles	10,140	10,140
Construction in progress	19,816,077	18,114,593
Less: Accumulated depreciation	(17,868,825)	(16,459,404)
Property, plant and equipment, net	31,486,816	30,401,013

Depreciation expense for the year ended December 31, 2022, was \$1,409,421 (December 31, 2021, was \$1,542,589).

NOTE I - INTANGIBLE ASSETS, NET

Intangible assets, net, include the following:

	As at	
	December 31, 2022	December 31, 2021
Software	1,070,366	1,054,989
Less: Accumulated amortization	(894,316)	(835,326)
Software, net	176,050	219,663
Customer relationships	9,063,074	9,063,074
Less: Accumulated amortization	(9,063,074)	(9,009,814)
Customer relationships, net	-	53,260
Intangible assets, net	176,050	272,923

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The estimated amortization schedule for software and customer relationships is set out below:

Year ending December 31,	Software	Customer relationships
2023	37,992	-
2024 and later	138,058	-

Amortization expense for the year ended December 31, 2022, is \$112,250 (December 31, 2021, was \$1,505,904).

The weighted average remaining useful life of intangible assets is summarized in the table below -

	December 31, 2022	As at December 31, 2021
Software	5.15	5.88
Customer relationship	-	0.041

NOTE J - ACCOUNTS PAYABLE

Accounts payable comprise of:

	December 31, 2022	As at December 31, 2021
Trade payables	1,236,135	2,091,505
Capital creditors	618,540	86,771
Provision for materials received	558,247	693,487
Total	2,412,922	2,871,763

NOTE K - SHORT TERM BORROWINGS

	December 31, 2022	As at December 31, 2021
Line of credit from bank	8,750,000	6,250,000
Loan from Piramal Healthcare Canada Limited	19,900,000	12,900,000
Loan from Ash Stevens LLC	2,500,000	2,500,000
Loan from Piramal Dutch Holdings N.V.	-	2,750,000
Total	31,150,000	24,400,000

Line of credit from bank

On May 27, 2022, the Company along with its Parent Company and affiliates (“the borrowers”) entered into an un-committed discretionary revolving line of credit (the “Facility”) with HSBC Bank USA up to an aggregate amount of \$15 million payable on demand to be used solely for working capital needs of the borrowers. This facility constitutes an amendment and restatement of the original facility signed on October 07, 2021. All

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obligations under the original facility were renewed and governed by the Facility. The Facility is secured to the same extent and carries the same priority as the original facility. The Facility is secured by a first priority of secured interest and a lien on accounts receivable and inventory of the Company and its affiliates. All LIBOR advances under the original facility were converted to a SOFR advance under the Facility. The line of credit is guaranteed by Piramal Healthcare UK Limited, a related party.

The Facility is payable on demand and carries an interest rate of 3-month SOFR plus 2.1% p.a. As on December 31, 2022, the Company has utilized \$ 8,750,000 (December 31, 2021 – \$ 6,250,000) and the interest expense during the year ended December 31, 2022, was \$ 310,214 (December 31, 2021 – \$ 70,089).

Loan from Piramal Healthcare Canada Ltd (PHCL)

PPSI took an additional loan of \$7,000,000 in the current year. The outstanding balance as on December 31, 2022, is \$ 19,900,000 (December 31, 2021: \$12,900,000), repayable on demand. The interest rate during the year ended December 31, 2022, ranges from 5.00% to 7.00% (December 31, 2021 – 5.00%) and the interest expense during the year was \$ 912,342 (December 31, 2021: \$ 747,886). The outstanding interest as of December 31, 2022, was \$ 1,646,829 (December 31, 2021: \$ 1,234,486).

Loan from Ash Stevens, LLC

The Company as on December 31, 2022, has a debt of \$ 2,500,000. (December 31, 2021: \$ 2,500,000), repayable on demand. The interest expense during the year was \$ 137,500 (December 31, 2021: \$ 90,200). The interest rate during the year ended December 31, 2022, was 5.50% (December 31, 2021 – 5.50%) and the outstanding interest as at December 31, 2022 was \$ 183,930. (December 31, 2021: \$ 58,229).

Loan from Piramal Dutch Holdings N.V.

The Company repaid \$2,750,000 during the year and the closing balance as of December 31, 2022, is \$ NIL. (December 31, 2021; \$ 2,750,000). The interest expense during the year was \$ 22,075 (December 31, 2021: \$ 27,500). The interest rate during the year ended December 31, 2022, was 1.00% (December 31, 2021 – 1.00%) and the outstanding interest as of December 31, 2022, was \$ NIL. (December 31, 2021: \$ 46,019).

Loan from Piramal Healthcare UK Limited

During the year December 2022, the Company borrowed \$720,000 which was subsequently fully paid off. The loan balance outstanding as of December 31, 2022, was \$ Nil (December 31, 2021: \$ Nil). The interest expense during the year 2022 was \$2,209 (December 31, 2021: \$ Nil). The interest rate during the year ended December 31, 2022, was 4% (December 31, 2021 – Nil) and the outstanding interest as of December 31, 2022 was \$ Nil. (December 31, 2021: \$ Nil).

NOTE L - LONG TERM BORROWINGS

	As at	
	December 31, 2022	December 31, 2021
Loan from Piramal Healthcare Inc.	37,394,304	37,394,304
Loan from PEL Pharma Inc.	36,543,910	23,474,910
Total	73,938,214	60,869,214

Loan from Piramal Healthcare Inc.

The Company has a long-term debt of \$ 37,394,304 (December 31, 2021, \$37,394,304) from Piramal Healthcare Inc. ("PHI"). The interest rate on the loan during the year December 31, 2022, was 2% p.a. (December 31, 2021: 2.00%). The interest expense during the year ended December 31, 2022, was \$ 747,886 (December 31,

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2021, was \$ 747,886). The outstanding interest as at December 31, 2022 was \$ 9,095,104 (December 31, 2021: \$ 8,347,218).

Loan from PEL Pharma Inc.

The Company, on December 31, 2022, had a long-term debt of \$ 36,543,910 (December 31, 2021, \$ 23,474,910) bearing interest which ranges from 4.56% to 6.50% p.a. (December 31, 2021 – 5.50%). During the year December 2022, the Company received additional funding from the Parent amounting to \$14,569,000 and repaid \$1,500,000. The interest expense during the year ended December 31, 2022, was \$ 1,614,559. (December 31, 2021, was \$1,291,120). The outstanding interest as of December 31, 2022, was \$ 2,349,093 (December 31, 2021: \$ 4,572,494).

NOTE M - OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	December 31, 2022	December 31, 2021
Deferred rent liability	-	6,686
Interest payable on loans	13,274,957	14,258,445
Payroll liabilities	1,062,452	1,016,470
Deferred revenue	4,442,968	5,572,285
Royalty payable*	35,036	47,987
Accrued expenses	669,020	1,048,840
Total	19,484,433	21,950,713

*The Company pays royalties to Piramal Corporate Services Private Limited at 0.75% of the net sales of the Company (excluding related party sales) owing to the Piramal logo used by the Company. The total expense during the year is included in the selling, general and administrative expenses on the statement of loss.

NOTE N - REVENUE FROM CONTRACT WITH CUSTOMERS**Disaggregated revenue information**

	For the year ended	
	December 31, 2022	December 31, 2021
Type of goods or services		
Service revenue	6,885,777	5,450,660
Clinical manufacturing revenue	16,090,722	19,269,646
Total	22,976,499	24,720,306
Timing of revenue recognition		
Services transferred over time	6,885,777	5,450,660
Goods and services transferred at a point in time	16,090,722	19,269,646
Total	22,976,499	24,720,306

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Contract balances

The timing of revenue recognition, billing, and cash collection results in the recognition of accounts receivable, contract assets and contract liabilities on the Balance sheets.

Accounts receivables are non-interest bearing and are generally on terms of 45 to 90 days. As at December 31, 2022, the Company had \$5,002,721 (December 31, 2021, \$1,014,773) as provision for doubtful debts on accounts receivable.

Contract assets are initially recognized for revenue earned from contract manufacturing and developmental services as receipt of consideration is conditional on successful completion of performance obligation. Upon completion of the performance obligation and acceptance by the customer, the amounts recognized as contract assets are reclassified to accounts receivable.

Contract liabilities, discussed below, referenced as “deferred revenue” include short-term advances received upon signing of the contracts. These are presented as deferred revenue on the balance sheets. The decrease in deferred revenue is due to a decrease in the number of contracts involving a large quantum of advances.

	As at	
	December 31, 2022	December 31, 2021
Accounts receivable, net (Note E)	3,821,871	6,450,917
Contract assets	205,909	1,232,285
Deferred revenue including non-current portion	5,372,391	6,093,856

NOTE O - INCOME TAXES

The Company is a member of PEL Pharma Inc. consolidated federal tax group from 2016. Accordingly, the Company files a consolidated tax return with PEL Pharma Inc. The Company files combined state tax returns with affiliated companies in certain states while in certain states, the Company files the tax returns at the standalone level. The components of the provision for income tax are as follows:

	For the year ended	
	December 31, 2022	December 31, 2021
Current taxes		
State	2,601	2,081
Deferred taxes		
Federal	17,529	17,529
State	11,477	(769)
Provision for income taxes	31,607	18,841

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income tax are as follows:

	For the year ended	
	December 31, 2022	December 31, 2021
Income tax at federal rate	(3,580,181)	(2,170,893)
State tax, net of federal effect	(1,260,009)	361,865

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Return to provision	(12,379)	247
Permanent differences	37	6,395
Change in NOL's	(5,731)	-
Change in valuation allowance	4,889,870	1,821,227
Total	31,607	18,841

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	As at	
	December 31, 2022	December 31, 2021
Non-current deferred tax liabilities		
Plant, property and equipment	(2,234,564)	(1,484,470)
Acquired goodwill	(632,766)	(456,493)
Prepaid expenses	(61,375)	(60,569)
Total deferred tax liabilities	(2,928,705)	(2,001,532)
Non-current deferred tax assets		
Deferred revenue	254,653	137,618
Accrued expenses	3,594,487	2,460,918
ASC 842 lease expense	30,625	-
Deferred rent	-	1,764
Intangibles other than goodwill	1,665,960	1,819,458
Provision for doubtful debts	1,370,694	267,750
Research and development credit	111,975	111,975
Net operating losses	16,872,171	13,313,045
Total	23,900,565	18,112,528
Less: Valuation allowance	(21,160,547)	(16,270,677)
Total deferred tax assets	2,740,018	1,841,851
Net deferred tax liability	(188,687)	(159,681)

Based on the history of losses, management believes that it is more likely than not that the benefit from deferred tax asset may not be realized in the foreseeable future. In recognition of this risk, a valuation allowance of \$21,160,547 and \$16,270,677 respectively has been created as of December 31, 2022, and December 31, 2021.

The Company has recognized deferred tax liability of \$ 943,434 and \$ 798,406 respectively as of December 31, 2022, and December 31, 2021, on account of temporary differences arising out of goodwill amortization for tax purposes. Such deferred tax liability may be offset against deferred tax assets on net operating losses generated post tax year 2017 up to 80% of deferred tax liability. Accordingly, the Company has not set off deferred tax liability on goodwill against deferred tax asset to the extent of 20% i.e., \$ 188,687 as of December 31, 2022, and \$ 159,681 as of December 31, 2021.

The Company has federal net operating loss carryforwards of approximately \$ 69,545,590 and \$ 56,812,548 respectively as on December 31, 2022, and December 31, 2021. The NOLs generated in tax year 2016 and 2017

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which if unutilized will expire by the year 2036 and 2037 respectively and the NOLs generated after 2018 will be carry forwarded infinitely.

The Company has state net operating loss carryforwards of approximately \$ 57,407,513 and \$ 46,957,694 respectively as of December 31, 2022, and December 31, 2021, which if unutilized will begin to expire from the year 2037.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as of December 31, 2022, and December 31, 2021.

The tax years of 2019 through 2021 shall remain subject to examination by the taxing authorities.

NOTE P - EMPLOYEE BENEFIT PLANS

The Company contributes 100% of the salary deferrals to the extent that they do not exceed 5% of the compensation. The total expense for employee retirement contribution plans for the year ended December 31, 2022, was \$ 565,297. (December 31, 2021, was \$ 413,705). The Company has established a severance plan for all eligible employees.

NOTE Q - LEASES

Prior to the adoption of ASC 842, rent expense on operating leases was recognized on a straight-line basis over the term of the lease. In addition, certain of the Company's operating lease agreements for office space also include rent holidays and scheduled rent escalations during the initial lease term. The Company has leased office premises and warehouse facility. The Company recorded the rent holidays as a deferred rent within other liabilities on the Balance Sheets. The Company expects to record deferred rent liability and scheduled rent increase on a straight-line basis into rent expense over the lease term commencing on the date the Company took possession of the leased space.

Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

Supplemental balance sheet information as of December 31, 2022, on adoption of topic ASC 842 "Leases", is shown below:

As of December 31, 2022	
Reported as:	
Assets:	
Finance lease right-of-use assets	2,701,497
Operating lease right-of-use assets	4,821,856
Liabilities:	
Current portion of operating lease liabilities	1,560,450
Operating lease liability excluding current portion	1,010,957
Current portion of finance lease liabilities	1,500

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Finance lease liability excluding current portion	2,728,230
Total lease liabilities	5,301,137

As of December 31, 2022, the weighted-average remaining lease term and weighted-average discount rate for the leases is presented in the table below –

	For the year ended December 31, 2022
Weighted average remaining lease term operating leases	1.70 years
Weighted average remaining lease term finance lease	91.08 years
Weighted average discount rate – operating leases	5%
Weighted average discount rate – finance lease	5%

The components of lease cost for the year ended December 31, 2022, and 2021 are summarized below:

	For the year ended December 31, 2022	December 31, 2021
Operating lease expense*	32,242,392	1,797,312
Finance lease expense**	166,185	-

*Operating lease expense has been recognized in the statements of loss under the head “selling, general & administrative expenses.”

** Interest expense on the finance lease during the year December 2022 was \$ 136,525 (December 2021 – Nil) and has been recognized in the statements of loss under the head “Interest expense”. Amortization of Finance lease ROU asset during the year December 2022 was \$ 29,660 (December 2021 – Nil) is recognized in the statements of loss under the head “Depreciation and amortization.”

Supplemental cash flow information as of December 31, 2022, related to leases is as follows:

	For the year ended December 31, 2022
Finance lease – operating cash flows	136,525
Finance lease – financing cash flows	1,427
Operating lease – operating cash flows	2,130,619
Finance lease right-of-use assets recognized in exchange for new finance lease obligations	2,731,156
Operating lease right-of-use assets recognized in exchange for new operating lease obligations	4,087,756

As of December 31, 2022, future rental commitments for the non-cancelable leases are as follows:

Year ending December 31,	Operating lease - Premises, warehouse, and rental equipment	Finance lease – Ground
2023	1,651,239	137,952
2024	913,074	137,952
2025	82,969	137,952

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2026	41,484	137,952
2027	-	137,952
Thereafter	-	11,875,368
Total lease payments	2,688,766	12,565,128
Less: imputed interest	(117,359)	(9,835,398)
Total lease liabilities	2,571,407	2,729,730

NOTE R - RELATED PARTY TRANSACTIONS**A. Ultimate parent company**

1. Piramal Pharma Limited, India
2. Piramal Enterprises Limited (erstwhile Ultimate Parent Company)

B. Parent company

1. PEL Pharma Inc. (100% membership interest holder)

C. Other related parties (Affiliate Companies) where common control exists

1. Ash Stevens LLC
2. Piramal Healthcare Inc.
3. Piramal Pharma Inc.
4. Piramal Critical Care Inc.
5. Piramal Critical Care Limited
6. Piramal Healthcare Canada Limited
7. Piramal Healthcare UK Limited
8. Piramal Glass Limited
9. Piramal Corporate Services Limited
10. PEL Healthcare LLC

Summary of balances due to and from related parties and transactions during the year are as follows:

	As at	
	December 31, 2022	December 31, 2021
<u>Piramal Pharma Inc.</u>		
Expense incurred on behalf of the company	-	-
Balance payable at the end of the year	1,348,048	1,348,048
<u>PEL Pharma Inc</u>		
Expense incurred on behalf of the company	-	1,981
Balance payable at the end of the year	-	1,981
<u>Piramal Healthcare UK Limited</u>		
Loan commission guarantee charges *	36,949	22,245
Expense incurred on behalf of PHUK	-	-
Balance payable at end of the year	6,949	10,245

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Piramal Pharma Limited

Purchase during the year	13,678	-
Balance payable at end of the year	13,678	-

Piramal Critical Care Inc

Purchase during the year	89,510	-
Balance payable at end of the year	23,951	-

Piramal Enterprises Limited

Insurance premium charges	-	13,231
Balance payable at end of the year	-	13,231

Ash Stevens LLC

Purchases during the year	392,663	504,316
Balance payable at end of the year	97,484	120,013
Sales of services during the year	10,070	733
Balance receivable at end of the year	10,070	733

Piramal Healthcare Inc.

Sales of services during the year	217,539	-
Balance receivable at end of the year	122,294	-

Piramal Critical Care Limited (UK)

Balance receivable at end of the year	3,194,000	3,194,000
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Piramal Critical Care Inc.

Sale of services during the year	-	2,700
Expense incurred on behalf of PCCI	-	2,836
Amount collected	2,700	2,836
Balance receivable at end of the year	-	2,700

PEL Healthcare LLC

Expense incurred on behalf of PEL Healthcare LLC	254,796	28,139
Balance receivable at end of the year	196,472	-

Piramal Healthcare UK Limited (Morpeth – UK location)

Sales of services during the year	9,953	-
Expense incurred on behalf of PHUK	1,883	-
Balance receivable at end of the year	8,070	-

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Piramal Healthcare UK Limited

Sales of services during the year	1,504,801	-
Expense incurred on behalf of PHUK	-	664,015
Balance receivable at end of the year	1,504,801	9,910
Expense incurred on behalf of the company	-	16,368
Balance payable at the end of the year	-	16,368

*The company pays guarantee commission to its Affiliate Company, Piramal Healthcare UK Limited, for acting as a guarantor on the Line of credit facility obtained through HSBC. The current year expense is \$ 36,949 (December 2021 - \$ 22,245) which has been recognized in the statements of loss, under the head “Interest expense”.

NOTE S - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and accounts receivable. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such cash equivalents and trade receivables involve risk including the credit risk of non-performance by counter parties. In management’s opinion, as of December 31, 2022, there was no significant risk of loss in the event of non-performance of the counter parties to accounts receivable. Cash balances in excess of \$ 250,000 aggregate per bank are not insured by the Federal Deposit Insurance Corporation and represent cash balances at risk.

The Company’s top 5 customers accounted for approximately 72% (previous year, top 5 customers accounted for 62%) of total accounts receivable. The top 5 customers accounted for approximately 46 % of total revenues during the year ended December 31, 2022 (previous year, top 5 customers accounted for 48% of total revenues).

The Company’s top five vendors accounted for approximately 56% of the accounts payable as of December 31, 2022 (previous year top five vendors accounted for approximately 54% of total accounts payable).

NOTE T - RISK AND UNCERTAINTIES

The Company’s future results of operations involve a number of risks and uncertainties. Factors that could affect future operating results and cause actual results to vary materially from expectations include but are not limited to government regulations and credit risk. The Company’s cash resources are invested with financial institutions with high investment grade credit ratings. The extent of the impact of coronavirus (COVID 19) outbreak on operations of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, government actions, the impact on financial markets and the overall economy, all of which are highly uncertain and cannot be predicted.

NOTE U - COMMON STOCK**Common stock issued**

The authorized share capital of the Company is 1,000 shares at no par value. All authorized shares were issued.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Piramal Pharma Solutions Inc.

Financial statements

December 31, 2022, and December 31, 2021

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE V - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date these financial statements were available to be issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements

PEL Pharma Inc.

Separate parent company financial statements
December 31, 2022, and December 31, 2021

KNAV P.A.

Certified Public Accountants
One Lakeside Commons, Suite 850
990 Hammond Drive NE,
Atlanta, GA 30328



America Counts on CPAs

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Independent auditor's report

To the Board of Directors
PEL Pharma Inc.

Qualified opinion

We have audited the accompanying separate parent company financial statements of PEL Pharma Inc. ('the Company'), which comprise the balance sheets as at December 31, 2022 and December 31, 2021 and the related statements of loss, stockholders' deficit, and cash flows for the years then ended and the related notes to the separate parent company financial statements.

In our opinion, except for the effects of not consolidating all wholly owned subsidiaries, as discussed in the basis for qualified opinion section of our report, the accompanying separate parent company financial statements present fairly, in all material respects, the financial position of PEL Pharma Inc. as at December 31, 2022 and December 31, 2021, the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for qualified opinion

As discussed in Note B.1(a) to the separate parent company financial statements, the Company reports its investments in its wholly owned subsidiaries at cost. Accounting principles generally accepted in the United States of America require all majority-owned subsidiaries be accounted for as consolidated subsidiaries. Information regarding the subsidiaries is disclosed in Note D.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate parent company financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the separate parent company financial statements

Management is responsible for the preparation and fair presentation of the separate parent company financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate parent company financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the separate parent company financial statements are available to be issued.

KNAV P.A.

Certified Public Accountants

One Lakeside Commons Ste 850 990 Hammond Drive NE Atlanta GA 30328 T 1 678 584 1200 F 1 770 676 6082 E

admin@knavcpa.com

2023-127-US

Auditor's responsibilities for the audit of the separate parent company financial statements

Our objectives are to obtain reasonable assurance about whether the separate parent company financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the separate parent company financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the separate parent company financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the separate parent company financial statements.
- Obtain an understanding of internal control relevant to the audit 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the separate parent company financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

Restriction on use

This report is intended solely for use by the Company's management in connection with its review of the consolidated financial results of Piramal Pharma Limited (The "Group") for the year ended December 31, 2022, and should not be used by, or distributed to, anyone in the Group, any of its components, or any other third party.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KNAV P.A.

Atlanta, Georgia
May 05, 2023

PEL Pharma Inc.

Separate parent company financial statements
December 31, 2022 and December 31, 2021

Separate parent company financial statements

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

Balance sheets*(All amounts are stated in United States Dollars, unless otherwise stated)***As of****December 31, 2022 December 31, 2021****ASSETS****Current assets**

Cash and cash equivalents	4,669,433	532,608
Due from related parties	3,009,668	4,686,255
Other current assets	47,712	30,864
Total current assets	7,726,813	5,249,727

Investments in subsidiaries (at cost)	71,502,630	71,502,630
Loan to related parties	57,095,155	24,876,848
Total assets	136,324,598	101,629,205

LIABILITIES AND STOCKHOLDERS' DEFICIT**Current liabilities**

Loan from related parties	107,849,505	64,281,620
Note payable to related party	2,570,582	2,570,582
Due to related parties	5,471,915	3,712,916
Current portion of long-term borrowings	7,383,110	7,381,332
Other current liabilities	43,569	110,572
Total current liabilities	123,318,681	78,057,022

Long-term borrowings	23,543,589	30,217,089
Total liabilities	146,862,270	108,274,111

Stockholders' deficit

Common stock (authorized, issued & outstanding 10,050 common shares, \$1,000 par value)	10,050,000	10,050,000
Accumulated deficit	(20,587,672)	(16,694,906)
Total stockholders' deficit	(10,537,672)	(6,644,906)

Total liabilities and stockholders' deficit	136,324,598	101,629,205
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(The accompanying notes are an integral part of these separate parent company financial statements)

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

Statements of loss

For the year ended

(All amounts are stated in United States Dollars, unless otherwise stated)

	December 31, 2022	December 31, 2021
Revenues		
Interest income	2,161,372	1,368,227
Total revenues	2,161,372	1,368,227
Cost and expenses		
Financing costs	6,046,498	4,011,470
Professional charges	5,564	364,553
Selling, general and administrative expenses	-	59,087
Total costs and expenses	6,052,062	4,435,110
Operating loss	(3,890,690)	(3,066,883)
Current tax expense	2,076	2,076
Net loss	(3,892,766)	(3,068,959)

(The accompanying notes are an integral part of these separate parent company financial statements)

PEL Pharma Inc.

Separate parent company financial statements
December 31, 2022 and December 31, 2021

Statements of stockholders' deficit

For the years ended December 31, 2022 and December 31, 2021

(All amounts are stated in United States Dollars except number of shares)

	Common stock Authorized, issued and outstanding		Accumulated deficit	Total stockholders' deficit
	Shares	Value (\$)		
Balance as of January 01, 2021	10,050	10,050,000	(13,625,947)	(3,575,947)
Net loss for the year			(3,068,959)	(3,068,959)
Balance as of December 31, 2021	10,050	10,050,000	(16,694,906)	(6,644,906)
Balance as of January 01, 2022	10,050	10,050,000	(16,694,906)	(6,644,906)
Net loss for the year			(3,892,766)	(3,892,766)
Balance as of December 31, 2022	10,050	10,050,000	(20,587,672)	(10,537,672)

(The accompanying notes are an integral part of these separate parent company financial statements)

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

Statements of cash flows*(All amounts are stated in United States Dollars, unless otherwise stated)***For the year ended****December 31, 2022 December 31, 2021****Cash flows from operating activities**

Net loss	(3,892,766)	(3,068,959)
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Adjustments to reconcile net loss to net cash provided by (used in) operating activities

Amortization of debt issue costs	709,610	962,268
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Changes in net operating assets and liabilities

Other current assets	(16,847)	36,016
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Due from related parties	1,676,587	(1,368,227)
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Due to related parties	1,758,999	1,368,532
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Other current liabilities	(67,004)	(3,008,923)
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Net cash provided by (used in) operating activities	168,579	(5,079,293)
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Cash flows from investing activities

Loan advanced to related parties	(33,718,307)	-
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Loan repaid by related parties	1,500,000	-
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Net cash used in investing activities	(32,218,307)	-
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Cash flows from financing activities

Repayment of long term borrowings	(7,381,332)	-
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Loan taken from related parties	81,740,000	5,703,136
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Loan repaid to related parties	(38,172,115)	(215,000)
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Net cash provided by financing activities	36,186,553	5,488,136
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Net changes in cash and cash equivalents	4,136,825	408,843
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Cash and cash equivalents at the beginning of the year	532,608	123,765
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Cash and cash equivalents at the end of the year	4,669,433	532,608
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Supplemental disclosure of cash flow information

Interest paid	3,221,144	1,378,281
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Income tax paid	18,923	24,697
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(The accompanying notes are an integral part of these separate parent company financial statements)

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

Notes to separate parent company financial statements*(All amounts are stated in United States Dollars, unless otherwise stated)***NOTE A - NATURE OF OPERATIONS**

PEL Pharma Inc (“the Company”), incorporated on August 26, 2015 in the State of Delaware, United States of America, is a holding company and a wholly owned subsidiary of Piramal Dutch Holdings N.V. (owning 90% of the common stock) and Piramal Pharma Limited (“PPL”) (owning 10% of the common stock). The Company owns Piramal Pharma Solutions Inc., Ash Stevens LLC and PEL Healthcare LLC as its wholly owned subsidiaries.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. Basis of preparation

- a. The accompanying separate parent company financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”) except for investments in wholly-owned subsidiaries. The Company reported its investments in Ash Stevens LLC (“ASL”), Piramal Pharma Solutions Inc. (“PPSI”) and PEL Healthcare LLC (“PELH”) using the cost basis for the reporting requirements of its ultimate parent company, Piramal Pharma Limited.
- b. The separate parent company financial statements are prepared for the year January 01, 2022 to December 31, 2022 and for the year January 01, 2021 to December 31, 2021.
- c. Certain reclassifications, regroupings and reworking have been made in the separate parent company financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or stockholders’ deficit.

2. Going concern note

The Company has prepared its separate parent company financial statements assuming that the Company will continue as a going concern. As on December 31, 2022, current liabilities are \$123,318,681 and the current assets are \$7,726,813. This condition along with significant stockholders’ deficit raise substantial doubt about the Company’s ability to continue as a going concern. However, the separate parent company financial statements have been prepared on non-consolidated basis by reporting its wholly owned subsidiaries on a cost basis. These separate parent company financial statements are prepared for internal use by the management. Also, in view of the continued support from Piramal Pharma Limited, the management considers that it is appropriate to prepare these separate parent company financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

3. Use of estimates

The preparation of separate parent company financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the separate parent company financial statements and the results of operations during the reporting periods. The management’s estimates regarding income taxes and valuation

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

allowance for deferred tax assets in the preparation of the separate parent company financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates prospectively in the current and future periods.

4. *Cash and cash equivalents*

Cash equivalents consist of highly liquid investments with a maturity of three months or less on the date of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 for each insured bank per depositor. Cash and cash equivalents comprised of only the balances at bank as at each year end presented in the balance sheets.

5. *Investments*

Investments are carried at cost. Acquisition related expenditure is expensed in the year of incurring the same. Impairment of investments held by the Company i.e. fall in the carrying value of the assets which are other than temporary, are recorded in the statements of loss in the year of impairment.

6. *Interest income*

The Company's primary business is of holding its investments in its subsidiary companies and earn return on its capital. Dividend income is recorded when received. The Company also funds its subsidiaries for smooth operation of subsidiaries' business. For this it receives interest and accounts for it on an accrual basis. The Company presents interest income as revenue from operations as the income arises from the Company's ordinary activities. Interest income is recognized as the performance obligation is satisfied over time.

7. *Debt issuance cost*

Debt issuance costs related to loan are reported in the balance sheets as a direct deduction from the face amount of the loan. Amortization of debt issuance costs has been reported under financing costs. Further, the discount or premium resulting from the determination of present value in cash or non-cash transactions is not presented as a separate asset or liability from the note that gives rise to it but is reported in the balance sheet as a direct deduction from or addition to the face amount of the note.

8. *Income taxes*

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

9. *Fair values measurements and financial instruments*

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the separate parent company financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. The estimated fair value of cash, related party loans and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

10. Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the separate parent company financial statements.

NOTE C - OTHER CURRENT ASSETS

	As of	
	December 31, 2022	December 31, 2021
Advance tax	27,393	15,547
Taxes paid on behalf of subsidiary*	20,319	15,317
Total	47,712	30,864

*The Company files consolidated tax return on income taxable for its subsidiaries alongwith income earned by the Company. During the year, the Company accrued tax amounting to \$5,002 (Previous year \$15,317) as minimum tax liability at a consolidated level. This amount is receivable from its subsidiary, Piramal Pharma Solutions and PEL Healthcare LLC, and recorded as a receivable.

NOTE D - INVESTMENTS IN SUBSIDIARIES

	As of	
	December 31, 2022	December 31, 2021
Investment in Ash Stevens LLC	44,790,630	44,790,630
Investment in Piramal Pharma Solutions Inc.	9,200,000	9,200,000
Investment in PEL Healthcare LLC	17,512,000	17,512,000
Total	71,502,630	71,502,630

The investments above are shown at historical cost as required for the reporting requirements of the ultimate parent company, Piramal Pharma Limited.

NOTE E - LOAN TO RELATED PARTIES**As of**

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

	December 31, 2022	December 31, 2021
Loans to Piramal Pharma Solutions Inc.	36,543,910	23,474,910
Loans to PEL Healthcare LLC	13,721,938	1,401,938
Loan to Ash Stevens LLC	6,829,307	-
Total	57,095,155	24,876,848

Loan to Piramal Pharma Solutions Inc.

During the year ended December 31, 2022 the Company gave additional loans to PPSI to the tune of \$14,569,000 and there was a repayment worth \$ 1,500,000 made in the current year leading to loan balance outstanding as of December 31, 2022 was \$ 36,543,910 (December 31, 2021: \$ 23,474,910). Interest rate on loans for the year ended December 31, 2022 ranges from 4.56% to 6.50% per annum (December 31, 2021 – 5.50%). The interest earned for the year ended December 31, 2022 is \$ 1,614,559 (December 31, 2021: \$ 1,291,120). The interest receivable as of December 31, 2022 is \$ 2,349,093 (December 31, 2021: \$ 4,572,494).

Loan to PEL Healthcare LLC

PEL Pharma gave additional loan to PEL Healthcare LLC worth \$ 12,320,000 in the current year. Loan balance outstanding as of December 31, 2022 was \$ 13,721,938 (December 31, 2021: \$ 1,401,938). Interest rate on loans for the year ended December 31, 2022 ranges from 4.56% to 6.50% per annum (December 31, 2021 – 5.50%). The interest earned for the year ended December 31, 2022 is \$ 473,332 (December 31, 2021: \$ 77,107). The interest receivable as of December 31, 2022 is \$ 587,094 (December 31, 2021: \$ 113,762).

Loan to Ash Stevens LLC.

During the year ended December 31, 2022 the Company advanced a loan to Ash Stevens LLC to the tune of \$ 6,829,307. Loan balance outstanding as of December 31, 2022 was \$ 6,829,307 (December 31, 2021: Nil). Interest rate on loan for the year ended December 31, 2022 was 6.50% per annum (December 31, 2021 – NIL). The interest earned for the year ended December 31, 2022 is \$73,481 (December 31, 2021: NIL). The interest receivable as of December 31, 2022 is \$ 73,481 (December 31, 2021: NIL).

NOTE F - OTHER CURRENT LIABILITIES

	As of	
	December 31, 2022	December 31, 2021
Guarantee commission payable	43,409	109,660
Accrued expensed	160	912
Total	43,569	110,572

NOTE G - LOAN FROM RELATED PARTIES

	As of	
	December 31, 2022	December 31, 2021
Loan from Ash Stevens LLC	-	11,353,265
Loan from Piramal Pharma Inc.	3,060,000	3,060,000
Loans from Piramal Healthcare Inc.	74,389,505	28,649,505
Loan from Piramal Pharma Limited	30,400,000	-
Loan from Piramal Dutch Holding NV	-	21,218,850
Total	107,849,505	64,281,620

A - Loans from Piramal Healthcare Inc. (PHI)

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

The Company borrowed additional funds amounting \$ 45,740,000 during the year and loan outstanding as at December 31, 2022 is \$74,389,505 (December 31, 2021: \$28,649,505). Interest rate for the year ended December 31, 2022 is 6.96% (December 31, 2021: 2.00%). The interest expense during the year ended December 31, 2022 is \$ 1,628,074 (December 31, 2021 \$ 546,533). Interest outstanding as on December 31, 2022 is \$ 3,207,177 (December 31, 2021 \$ 1,579,103).

B – Loan from Ash Stevens LLC

The loan outstanding to Ash Stevens LLC was fully paid in the current period and the balance as of December 31, 2022 is NIL (December 31, 2021: \$11,353,265). Interest rate on loan borrowed for the year ended December 31, 2022 was 5.50%(December 31, 2021 – 5.50%). The interest expense during the year ended December 31, 2022 is \$ 153,850 (December 31, 2021 - \$583,286). The Interest payment made in the current year was \$1,424,307 (December 31, 2021 – NIL). Interest outstanding as on December 31, 2022 is \$ NIL (December 31, 2021 \$ 1,270,457).

C - Loan from Piramal Pharma Inc. ('PPI')

The Loan outstanding as at December 31, 2022 is \$3,060,000 (December 31, 2021: \$3,060,000). Interest rate on loan borrowed for the year ended December 31, 2022 was 5.00% (December 31, 2021 – 5.00%). The interest expense during the year ended December 31, 2022 is \$ 153,000 (December 31, 2021 \$ 119,389). Interest outstanding as on December 31, 2022 is \$ 526,362 (December 31, 2021 \$373,362).

D- Loan from Dutch Holding NV

The loan outstanding to Dutch Holding NV was fully paid in the current year and the balance as of December 31, 2022 is NIL (December 31, 2021: \$ 21,218,850). Interest rate on loan borrowed for the year ended December 31, 2022 was 1.00% (December 31, 2021 – 1.00%). The interest expense during the year ended December 31, 2022 is \$ 110,723 (December 31, 2021 \$ 415,319). The Interest payment made in the current year was \$170,014 (December 31, 2021 – 208,157).Interest outstanding as on December 31, 2022 is \$ NIL (December 31, 2021 \$ 59,291).

E- Loan from Piramal Pharma Limited

PEL Pharma Inc took loan amounting \$ 36,000,000 in the current year & repaid \$ 5,600,000 in October 2022 and the balance as of December 31, 2022 is 30,400,000 (December 31, 2021: \$ NIL). Interest rate on loan borrowed for the year ended December 31, 2022 was 6.00% (December 31, 2021 – NIL). The interest expense during the year ended December 31, 2022 is \$ 1,184,497(December 31, 2021 \$ NIL). Interest outstanding as on December 31, 2022 is \$ 1,184,497 (December 31, 2021 \$ NIL).

NOTE H - NOTE PAYABLE TO RELATED PARTY

On December 31, 2022, the balance of note payable to Piramal Healthcare Inc. was \$ 2,570,582 (December 31, 2021 : \$ 2,570,582). The note payable was issued as consideration for acquisition of Piramal Pharma Solutions Inc. in 2016. The note payable is repayable on demand.

The interest rate for the note payable is 4% per annum for the years ended December 31, 2022 and December 31, 2021. The interest expense during the year ended December 31, 2022 is \$ 104,252 and year ended December 31, 2021 is \$ 95,251. Interest outstanding as on December 31, 2022 is \$ 510,258 (December 31, 2021 \$ 406,006).

NOTE I - LINE OF CREDIT

On May 27, 2022, the Company along with its wholly owned subsidiaries (“the borrowers”) entered into an uncommitted discretionary revolving line of credit (the “Facility”) with HSBC Bank USA upto an aggregate amount of \$15 million to be used solely for working capital needs of the borrowers. This facility constitutes an amendment and restatement of the original facility signed on October 07, 2021. All obligations under the

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

original facility were renewed and continued and governed by the Facility. The Facility is secured to the same extent and carries the same priority as the original facility. The Facility is secured by a first priority of secured interest and a lien on accounts receivable and inventory of the Company and its fully owned subsidiaries. All LIBOR advances under the original facility were converted to a SOFR advance under the new facility. The new facility is payable on demand and carries an interest rate of SOFR plus 2.1% p.a. As at December 31, 2022 and 2021, the Company did not utilized this facility.

NOTE J - LONG-TERM BORROWING

	As of	
	December 31, 2022	December 31, 2021
Loan outstanding from bank	32,618,668	40,000,000
Less: Current maturities	(7,383,110)	(7,381,332)
Less: Unamortised debt issuance costs	(1,691,969)	(2,401,579)
Total	23,543,589	30,217,089

The Company obtained loan from bank of \$ 40,000,000 in June 2020. The loan was guaranteed by Piramal Enterprises Limited, initially and subsequently by Piramal Pharma Limited. The debt issuance cost on this loan was \$ 3,820,000. The loan has a charge on all the assets of the Company which are pledged as a collateral.

The effective interest rate ("EIR") on the loan post the transaction costs is 7.94% as of December 31, 2022 (December 31, 2021: 5.80%). The interest expense accrued for the year ended December 31, 2022 is \$ 2,336,433 (December 31, 2021: \$ 2,092,451) and the interest paid during the year ended December 31, 2022 is \$ 1,626,823 (December 31, 2021: \$ 1,170,124).

The guarantee commission charged by Piramal Enterprises Limited during the year ended December 31, 2022 is \$ 142,586 (December 31, 2021: \$ 200,000). The earlier corporate guarantee by Piramal Enterprises Limited has been substituted by corporate Guarantee of Piramal Pharma Limited during the last financial year quarter. The guarantee commission charged by Piramal Pharma Limited during the quarter ended December 31, 2022 was \$ 43,409.

Repayment of the outstanding loan balance amounting to \$ 32,618,667 is as follows:

Year	Amount
2023	7,383,110
2024	7,388,444
2025	17,847,113

NOTE K - INCOME TAXES

The Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States of America. During the year 2016, the Company acquired Piramal Pharma Solutions Inc and Ash Stevens LLC. During the year 2020, the Company acquired PEL Healthcare LLC.

The Company will file combined state tax returns with affiliated group companies in certain states while in certain states, the Company will file the tax returns at a separate entity level.

The components of the provision for income taxes are as follows:

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

	For the year ended	
	December 31, 2022	December 31, 2021
Current taxes		
State taxes	2,076	2,076
Provision for income taxes	2,076	2,076

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	For the year ended	
	December 31, 2022	December 31, 2021
Non-current deferred tax assets:		
Accrued expenses	304,010	91,458
Interest disallowed u/s 163(j)	1,252,625	600,484
Net operating losses	2,701,195	2,643,769
Less: valuation allowance	(4,257,830)	(3,335,711)
Total deferred tax asset	-	-
Net deferred taxes	4,257,830	3,335,711
Less: deferred tax asset valuation allowance	(4,257,830)	(3,335,711)
Net deferred taxes after tax allocation	-	-

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Based on the current year loss and history of past losses, the management believes that it is more likely than not that the deferred tax assets may not be realized during foreseeable future and accordingly, a valuation allowance of \$ 4,257,830 and \$ 3,335,711 and has been created as at December 31, 2022 and December 31, 2021. No net deferred tax assets were recognized as at December 31, 2022 and December 31, 2021.

The Company has federal NOLs of \$ 12,862,831 and \$ 12,589,374 as at December 31, 2022 and December 31, 2021 respectively. The 2016 & 2017 NOLs which if unutilized will expire in the year 2036 and 2037 respectively and the 2018 onward NOLs will be carry forwarded infinitely.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the separate parent company financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at December 31, 2022 and December 31, 2021.

The tax years 2019, 2020 and 2021 remain subject to examination by the taxing authorities.

NOTE L - RELATED PARTY TRANSACTIONS

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

The Company had transactions relating to loans, advances, issue of shares and investments with following related parties:

A. Stockholders

1. Piramal Pharma Limited (Owning 10%, of common stock, 1,005 since October 06, 2020 and is also the Ultimate Parent Company)
2. Piramal Dutch Holdings N.V. (Owning 90% of common stock)

B. Subsidiaries

1. Ash Stevens LLC
2. Piramal Pharma Solutions Inc.
3. PEL Healthcare LLC

C. Affiliates

1. Piramal Healthcare Inc.
2. Piramal Pharma Inc.
3. Piramal Enterprises Limited

Summary of transaction during the year with related parties are as follows:

Due to related parties

	As on	
	December 31, 2022	December 31, 2021
<u>Piramal Healthcare Inc.</u>		
Interest expense on loan payable	1,628,074	546,533
Interest expense on note payable	104,252	95,251
Interest payable at end of the year	3,717,435	1,985,109
<u>Piramal Pharma Limited</u>		
Interest expense for the year	1,184,497	-
Interest payable at end of the year	1,184,497	-
<u>Ash Stevens LLC</u>		
Interest expense for the year	153,850	583,656
Interest payable at end of the year	-	1,270,457
Taxes paid on behalf of the Company	18,923	24,697
Balance payable at end of the year	43,620	24,697
<u>Piramal Pharma Inc.</u>		
Interest expense for the year	153,000	119,389
Interest payable at end of the year	526,362	373,362
<u>Piramal Dutch Holding NV</u>		
Interest expense/(repaid) for the year	(59,291)	(995)
Interest payable at end of the year	-	59,291

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

Loan processing fee payable

Loan processing fee	-	-
Other fee	-	-
Repayment during the year	-	(3,030,000)
Balance payable at end of the year	-	-

Due from related parties

	As on	
	December 31, 2022	December 31, 2021
<u>Piramal Pharma Solutions Inc.</u>		
Interest earned during the year	1,614,559	1,291,120
Interest paid during the year	3,837,959	-
Interest receivable at end of the year	2,349,093	4,572,493
<u>PEL Healthcare LLC</u>		
Interest earned during the year	473,332	77,107
Interest receivable at end of the year	587,094	113,762
<u>Ash Stevens LLC</u>		
Interest earned during the year	73,481	-
Interest receivable at end of the year	73,481	-

The guarantee for the loan from bank is provided by Piramal Enterprises Limited till September 2022 and later by Piramal Pharma Limited. These transactions are in the normal course of business. These have been valued in the separate parent company financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

NOTE M - COMMON STOCK*Common stock issued*

During the year ended December 31, 2017, stock of 10,050 common shares of \$ 1,000 par each were authorized and issued. The Company issued 9,045 common shares to Piramal Dutch Holdings N.V. and 1,005 common shares to Piramal Pharma Limited.

Voting

Each holder of common stock is entitled to one vote in respect of each share held in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of common shares held by the shareholders.

Each share carries an equal voting right and is entitled to an equal share in the assets of the Company at liquidation.

PEL Pharma Inc.

Separate parent company financial statements

December 31, 2022 and December 31, 2021

NOTE N - FAIR VALUE MEASUREMENTS

The Company's financial instruments consist of cash and cash equivalents and loans & advances to and from affiliates and loan borrowed from bank. The estimated fair value of cash and cash equivalents and loans & advances from affiliates approximate their carrying amounts as these are short term in nature. The loan borrowed from bank is of a long term nature but the interest rate charged to the Company is at market. Therefore the values in the balance sheet closely approximate the fair values. None of these instruments are held for trading purposes.

NOTE O - RISK AND UNCERTAINTIES

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect future operating results and cause actual results to vary materially from expectations include but are not limited to government regulations and credit risk. The Company's cash resources are invested with financial institutions with high investment grade credit ratings.

Impact of COVID-19

The extent of the impact of coronavirus (COVID 19) outbreak on operations of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, government actions, the impact on financial markets and the overall economy, all of which are highly uncertain and cannot be predicted.

NOTE P - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the separate parent company financial statements were available to be issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the separate parent company financial statements as on December 31, 2022.

Ash Stevens LLC

Financial statements

December 31, 2022, and December 31, 2021

KNAV P.A.

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America Counts on CPAs

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Independent auditor's report

To the Member,
Ash Stevens LLC

Opinion

We have audited the financial statements of Ash Stevens LLC (the "Company") which comprise the balance sheets as of December 31, 2022, and December 31, 2021, and the related statements of income, member's equity and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of December 31, 2022, and December 31, 2021, and the result of its operations, and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial

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likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KNAV P.A.

Atlanta, Georgia
May 05, 2023

KNAV P.A.

Certified Public Accountants

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Ash Stevens LLC

Financial statements

December 31, 2022, and December 31, 2021

Financial statements

Ash Stevens LLC

Financial statements

December 31, 2022, and December 31, 2021

Balance sheets*(All amounts are stated in United States Dollars, unless otherwise stated)***ASSETS****Current assets**

Cash and cash equivalents	C	156,240	1,471,818
Accounts receivable, net	D	11,782,890	4,650,865
Inventories, net	E	7,727,972	6,606,126
Loan to related parties	G	5,400,753	16,354,018
Due from related parties	S	8,078,746	6,375,729
Other current assets	F	1,883,665	1,296,463
Total current assets		35,030,266	36,755,019

Property, plant and equipment, net

H 56,904,885 34,310,186

Goodwill

7,674,675 7,674,675

Intangible assets, net

I 6,349,166 8,339,881

Total assets**105,958,992 87,079,761****LIABILITIES AND MEMBER'S EQUITY****Current liabilities**

Accounts payable	J	6,198,724	4,558,196
Deferred revenue		2,166,039	4,151,581
Short term borrowings	L	3,000,000	-
Due to related parties	S	1,970,280	704,590
Other current liabilities	K	3,342,687	2,971,486
Total current liabilities		16,677,730	12,385,853

Long term borrowings, related party

M 8,397,581 -

Total liabilities**25,075,311 12,385,853****Member's equity**

Member's equity		44,790,630	44,790,630
Accumulated surplus		36,093,051	29,903,278
Total member's equity		80,883,681	74,693,908
Total liabilities and member's equity		105,958,992	87,079,761

(The accompanying notes are an integral part of these financial statements)

Ash Stevens LLC

Financial statements

December 31, 2022, and December 31, 2021

Statements of income*(All amounts are stated in United States Dollars, unless otherwise stated)*

		For the year ended	
	Note	December 31, 2022	December 31, 2021
Operating revenues	N	55,101,980	45,669,499
Other operating revenues	N	7,919,708	8,025,606
Less: cost of revenues (excluding depreciation and amortization)		(39,954,123)	(30,503,227)
Gross profit		23,067,565	23,191,878
Cost and expenses			
Selling, general and administrative expenses		12,364,113	12,584,428
Depreciation and amortization	H, I	4,760,877	3,411,586
Total cost and expenses		17,124,990	15,996,014
Operating income		5,942,575	7,195,864
Interest expense		(211,195)	-
Other income		458,393	777,376
Net income		6,189,773	7,973,240

(The accompanying notes are an integral part of these financial statements)

Ash Stevens LLC

Financial statements

December 31, 2022, and December 31, 2021

Statements of member's equity

For the years ended December 31, 2022, and December 31, 2021

(All amounts are stated in United States Dollars, unless otherwise stated)

Particulars	Member's Equity	Accumulated surplus	Total member's equity
Balance as on January 01, 2021	44,790,630	21,930,038	66,720,668
Net income for the year	-	7,973,240	7,973,240
Balance as on December 31, 2021	44,790,630	29,903,278	74,693,908
Balance as on January 01, 2022	44,790,630	29,903,278	74,693,908
Net income for the year	-	6,189,773	6,189,773
Balance as on December 31, 2022	44,790,630	36,093,051	80,883,681

(The accompanying notes are an integral part of these financial statements)

Ash Stevens LLC

Financial Statements

December 31, 2022, and December 31, 2021

Statements of cash flows*(All amounts are stated in United States Dollars, unless otherwise stated)***For the year ended****December 31, 2022 December 31, 2021****Cash flows from operating activities**

Net income	6,189,773	7,973,240
------------	-----------	-----------

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization	4,760,877	3,411,586
-------------------------------	-----------	-----------

(Provision reversal)/Provision for slow moving and obsolete	(474,781)	595,037
---	-----------	---------

Provision reversal for bad debts	(6,878)	-
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Changes in net operating assets and liabilities

Accounts receivable	(7,125,147)	450,586
---------------------	-------------	---------

Inventories	(647,064)	(2,800,183)
-------------	-----------	-------------

Other current assets	(587,202)	(298,888)
----------------------	-----------	-----------

Accounts payable	680,173	3,151,135
------------------	---------	-----------

Due from related parties	(1,703,018)	(2,873,114)
--------------------------	-------------	-------------

Due to related parties	1,265,690	662,724
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Deferred revenue	(1,985,542)	1,022,059
------------------	-------------	-----------

Other current liabilities	371,202	155,695
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Net cash provided by operating activities	738,083	11,449,877
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Cash flows from investing activities

Purchase of property, plant, and equipment	(24,404,507)	(10,172,402)
--	--------------	--------------

Loan advanced to related parties	(500,000)	(6,781,679)
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Loan repaid by related party	11,453,265	2,300,000
------------------------------	------------	-----------

Net cash used in investing activities	(13,451,242)	(14,654,081)
--	---------------------	---------------------

Cash flow from financing activities

Loan obtained from related party	10,624,307	-
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Loan repaid to related party	(2,226,726)	-
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Proceeds from short term borrowings	3,000,000	-
-------------------------------------	-----------	---

Net cash provided by financing activities	11,397,581	-
--	-------------------	----------

Net decrease in cash and cash equivalents	(1,315,578)	(3,204,204)
--	--------------------	--------------------

Cash and cash equivalents at the beginning of the year	1,471,818	4,676,022
--	-----------	-----------

Cash and cash equivalents at the end of the year	156,240	1,471,818
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Supplemental cash flow information

Interest received	1,435,843	200,000
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Interest paid	86,965	-
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Income taxes paid on behalf of group entity	18,923	24,697
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Ash Stevens LLC

Financial Statements

December 31, 2022, and December 31, 2021

Non-cash investing activity

Purchase of property, plant and equipment included in accounts payable	960,354	-
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(The accompanying notes are an integral part of these financial statements)

Ash Stevens LLC

Financial Statements

December 31, 2022, and December 31, 2021

Notes to financial statements

(All amounts are stated in United States Dollars, unless otherwise stated)

NOTE A - NATURE OF OPERATIONS

Ash Stevens LLC (the “Company”) is a full-service pharmaceutical contract development and manufacturing organization (CDMO) with over five decades of experience developing drug substances and manufacturing active pharmaceutical ingredients (APIs). It also provides research and development services to various drug manufacturers including government agencies. The Company was founded in 1962 and is incorporated in the state of Delaware as a Limited Liability Company (LLC). The Company operates from its facility in Riverview, Michigan.

On August 31, 2016, PEL Pharma Inc. (Parent Company), a subsidiary of Piramal Pharma Limited, acquired all the issued and outstanding membership interest of the Company.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. The significant accounting policies are detailed below:

1. Basis of preparation

- a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”) to reflect the financial position, results of operations and cash flows of the Company.
- b. The financial statements are presented for the years ended December 31, 2022, and December 31, 2021.
- c. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on the previously reported net income or member’s equity.

2. Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for determination of useful lives for property, plant & equipment and intangible assets, and long-lived assets for impairment, revenue recognition, provision for doubtful debts and inventory valuation at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates prospectively in the current and future periods.

Ash Stevens LLC

Financial Statements

December 31, 2022, and December 31, 2021

3. *Cash and cash equivalents*

Cash equivalents consist of highly liquid investments with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

4. *Revenue recognition*

The Company adopted Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). Revenue is recognized upon transfer of control of products or services promised to customers in an amount that reflects the consideration the Company expects to receive in exchange for these products or services. Please refer to Note N, "Revenue from Contracts with Customers" for further information.

The Company derives revenue from contract manufacturing services provided under customer contracts, which we have disaggregated into the following revenue streams:

i. *Manufacturing revenue*

The manufacturing revenue stream represents revenue from the manufacturing of active pharmaceutical ingredients (API) for customer products – The APIs are manufactured for customer products which are commercial as well as in the development stage.

Under a manufacturing contract involving API for commercial customer product, the product is manufactured according to the customer's specifications and typically only one performance obligation is included. The product(s) are manufactured exclusively for a specific customer and have no alternative use. Revenues from contract manufacturing arrangements are recognized at a point in time when the relevant performance obligation is satisfied, and the Company is entitled to payment.

Under a manufacturing contract involving API for a customer product in development stage, the customer owns the product details and process, which has no alternative use. These projects are customized to each customer to meet their specifications and typically involve contract milestones. Each contract milestone represents a distinct service that is sold separately and has stand-alone value to the customer. The transaction price is allocated to separate performance obligations based on relative standalone selling prices and is measured based on expected value transferred to a customer. Revenue is recognized when performance obligation is satisfied at a point of time, upon completion of contract milestone.

ii. *Service revenue*

The service revenue stream represents revenue from non-manufacturing related services associated with the custom development of a customer's product. These projects are customized to each customer to meet their specifications and typically involve contract milestones which are generally fixed price contracts. Each process or contract milestone represents a distinct service that is sold separately and has stand-alone value to the customer. Revenue is recognized when performance obligation is satisfied at a point of time and control is transferred to the customer, upon completion of contract milestone.

Revenue from time and material-based contract milestones are recognized over time based on number of hours spent on the related services performed applying the contracted rates.

Ash Stevens LLC

Financial Statements

December 31, 2022, and December 31, 2021

iii. Marketing services

Marketing service revenue stream represents revenue earned by entering into a marketing service agreement to provide sales and marketing assistance to various affiliates of the Piramal Enterprises Limited Group for business development and promotion. It includes assistance in preparation of proposals to existing and prospective customers, develop sales, marketing and pricing strategies for its affiliates, preparation of annual sales budget and analyze contracts entered by its affiliate on a periodic basis and sharing recommendations for negotiating favorable terms from time to time. As part of the arrangement, the Company charges a markup percentage of its service costs including commissions or other compensation of related employees and other marketing and business development costs incurred in providing these services. Revenue from marketing services is recognized over time based on the actual cost incurred in providing those services.

Contract balances

The timing of revenue recognition, billings and cash collections results in billed trade receivables, contract assets (unbilled receivables) and contract liabilities (deferred revenue). Contract assets are recorded when the right to consideration is conditioned on something other than the passage of time. Contract assets are reclassified to trade receivables on the balance sheet when the rights become unconditional. Contract liabilities represent customer deposits and deferred revenue billed and/or received in advance of fulfilment of performance obligations. Contract liabilities will convert to contract manufacturing revenue as the Company performs obligations under the contract.

Practical expedients and contract costs

The Company applies the practical expedient available under ASC 606 that permits not to disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. In addition, there are no unsatisfied performance obligations for contracts greater than one year. Costs incurred to obtain or fulfill a contract are not material.

5. *Shipping and handling costs*

Shipping and handling costs incurred by the Company to transport products to customers are included in the cost of revenues.

6. *Accounts receivable and allowance for doubtful debts*

Accounts receivables are stated at the amount billed to customers. The Company follows the specific identification method for recognizing allowance for doubtful debts. The management analyzes composition of the accounts receivable aging, historical bad debts, current economic trends, internal assessments of credit quality and the economic conditions in the industry, as well as in the economy as a whole and customer credit worthiness of each account receivable when evaluating the adequacy of the allowance for doubtful accounts. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The Company charges uncollectable amounts against the reserve in the period in which it determines they are uncollectable. Allowance for doubtful debts is included in selling, general and administrative expenses in the statements of income.

7. *Inventories*

Inventories are stated at cost or net realizable value whichever is lower. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of raw materials and finished goods is determined using the weighted moving average method. Net realizable value is the estimated selling price less applicable selling expenses. The Company writes down obsolete or otherwise unmarketable inventory to its estimated realizable value.

Ash Stevens LLC

Financial Statements

December 31, 2022, and December 31, 2021

8. *Property, plant, and equipment*

Property, plant, and equipment acquisitions are stated at cost less accumulated depreciation and impairment. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method, including capital lease assets which are depreciated over the terms of their respective leases. Leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations. The estimated useful life used to determine depreciation is:

Buildings and building improvements	5 - 33 years
Furniture and fixtures	5 - 8 years
Office equipment	1 - 6 years
Computers and computer software	1 - 3 years
Laboratories and processing equipment	5 - 15 years

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant, and equipment not ready for use before such date are disclosed under construction-in-progress.

9. *Business combinations, goodwill, and other intangibles*

In accordance with Accounting Standard Codification (“ASC 805”), “Business Combinations”, the Company uses the purchase method of accounting for all business combinations. Intangible assets acquired in a business combination are recognized and reported apart from goodwill if they meet the criteria specified in ASC 805. Any purchase price allocated to an assembled workforce is not accounted separately.

Effective January 1, 2017, the Company prospectively adopted the provisions of Financial Accounting Standards Board (“FASB”) issued ASU 2017-04, “Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment” (“ASU 2017-04”). ASU 2017-04 eliminates the second step of the goodwill impairment test. For goodwill impairment tests occurring after January 1, 2017, if the carrying value of a reporting unit exceeds its fair value, the Company will measure any goodwill impairment losses as the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required. The estimated useful lives of the amortizable intangible assets are as follows:

Trademarks	3 years
Customer relationships	13 years

The Company has considered the “push down effect” of fair value adjustments and presented the goodwill and intangible assets identified at acquisition.

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10. *Impairment of long-lived assets*

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

11. *Operating leases*

The Company has elected the package of practical expedients permitted in Accounting Standards Update No. 2016-02, Leases (Topic 842) ("ASC Topic 842") Accordingly, the Company accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

12. *Income taxes*

As a single member LLC, the Company is treated as a disregarded entity for federal and state income tax purposes. Generally, the income of an LLC is not subject to income tax at the entity level, but rather the members are required to include a pro-rata share of the entity's taxable income or loss in their business or personal income tax returns, irrespective of whether dividends have been paid. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

13. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

14. *Fair value measurements and financial instruments*

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgement associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. The estimated fair value of cash, accounts

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receivable, related party loans, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

15. *Recently issued accounting standards not yet adopted*

In June 2016, the FASB issued ASU 2016-13, Financial instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The new guidance applies to all financial instruments carried at amortized cost (including loans held for investment (HFI) and held-to-maturity (HTM) debt securities, as well as trade receivables and receivables that relate to repurchase agreements and securities lending agreements), a lessor's net investments in leases, and off-balance-sheet credit exposures not accounted for as insurance or as derivatives, including loan commitments, standby letters of credit, and financial guarantees. The guidance is effective for annual periods beginning after December 15, 2022. Early adoption is permitted. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As at	
	December 31, 2022	December 31, 2021
Balances in bank accounts	156,240	1,471,818
Total	156,240	1,471,818

Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$250,000 per financial institution per depositor at each financial institution, and the Company's non-interest-bearing cash balances may exceed federal insured limits.

NOTE D - ACCOUNTS RECEIVABLE, NET

Accounts receivable as of December 31, 2022, and December 31, 2021, are stated net of provision for doubtful receivables. The Company maintains an allowance for doubtful debts on all accounts receivable, based on present and prospective financial condition of the customer and aging of accounts receivable after considering historical experience and the current economic environment.

	As at	
	December 31, 2022	December 31, 2021
Accounts receivable	11,797,587	4,672,440
Less: Allowance for doubtful debts	(14,697)	(21,575)
Accounts receivable, net of allowances	11,782,890	4,650,865

The movement in provision for doubtful debts during the year was as follows:

	For the year ended	
	December 31, 2022	December 31, 2021
Balance at beginning of the year	21,575	21,575
Add: Allowances during the year	-	-
Less: Provision reversed during the year	(6,878)	-
Balance at the end of the year	14,697	21,575

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NOTE E - INVENTORIES, NET

Major classes of inventory include the following:

	As at	
	December 31, 2022	December 31, 2021
Raw materials	6,908,312	6,307,379
Work-in-progress	619,178	456,676
Finished goods	11,477	683,276
Spares and consumables stock	743,245	187,816
Less: provision for slow moving and obsolete items	(554,240)	(1,029,021)
Total	7,727,972	6,606,126

The activity in provision for obsolete and slow-moving items is given below:

	For the year ended	
	December 31, 2022	December 31, 2021
Balance at beginning of the year	1,029,021	433,984
Provision for obsolete and slow moving	(474,781)	595,037
Balance at the end of the year	554,240	1,029,021

NOTE F - OTHER CURRENT ASSETS

Other current assets include the following:

	As at	
	December 31, 2022	December 31, 2021
Prepaid expenses	933,277	678,150
Advance to vendor	907,205	618,063
Deposits	43,183	250
Total	1,883,665	1,296,463

NOTE G - LOAN TO RELATED PARTIES

	As at	
	December 31, 2022	December 31, 2021
Loan to PEL Pharma Inc.	-	11,353,265
Loan to PEL Healthcare Inc.	2,900,753	2,500,753
Loan to Piramal Pharma Solutions Inc.	2,500,000	2,500,000
Total	5,400,753	16,354,018

During the current year, the Company collected the entire loan from PEL Pharma Inc. of \$ 11,353,265. The interest rate during the year ended December 31, 2022, was 5.50% (December 31, 2021 – 5.50%). The interest income accrued during the year was \$ 153,851 (December 31, 2021: \$ 583,286) & interest repayment was \$1,424,308. The outstanding interest as of December 31, 2022, is \$ NIL (December 31, 2021: \$ 1,270,457).

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During the current year, the Company advanced an additional loan to PEL Healthcare Inc of \$ 500,000 and repayment of \$100,000 was made by PEL Healthcare. The loan receivable as on December 31, 2022, is \$ 2,900,753 (December 31, 2021 - \$ 2,500,753). The interest rate during the year ended December 31, 2022, was 6.00% (December 31, 2021 – 6.00%) and the interest income during the year was \$ 167,042 (December 31, 2021 - \$ 101,684). The outstanding interest as of December 31, 2022, was \$ 268,726 (December 31, 2021 - 101,684).

The Company had receivable from Piramal Pharma Solutions Inc. for the year ended December 31, 2022, \$ 2,500,000 (December 31, 2021: \$2,500,000). The interest rate during the year ended December 31, 2022, was 5.50% (December 31, 2021 – 5.50%), the repayment of interest was \$ 11,535 & the interest income during the year was \$ 137,500 (December 31, 2021: \$ 90,200). The outstanding interest as at December 31, 2022 was \$ 183,930 (December 31, 2021: \$ 58,229).

NOTE H - PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment includes the following:

	As at	
	December 31, 2022	December 31, 2021
Freehold land	1,052,000	1,052,000
Building and building improvements	9,907,370	9,907,370
Laboratory and processing equipment	25,584,132	24,671,900
Furniture and fixtures	372,223	358,922
Office equipment	92,229	92,319
Computers and software	916,803	907,563
Less: accumulated depreciation	(16,686,354)	(13,941,592)
Property, plant, and equipment	21,238,403	23,048,482
Construction-in-progress	35,666,482	11,261,704
Property, plant and equipment, net	56,904,885	34,310,186

Depreciation expense for the year ended December 31, 2022, is \$ 2,770,162 and for the year ended December 31, 2021, is \$2,921,446. During the year 2022, the Company wrote off assets worth \$25,400 which were fully depreciated and were no longer in use. No proceeds were collected on these assets.

The Company is currently in process of completing its One-bay expansion project and engineering studies with the estimated cost of approximately \$33 Million to facilitate additional warehouse space, supporting infrastructure and installation of new machineries which will include reactor bays, isolation and drying area and analytical labs. The project is anticipated to be completed around June 2023.

NOTE I - INTANGIBLE ASSETS, NET

	As at	
	December 31, 2022	December 31, 2021
Trademarks	4,501,724	4,501,724
Customer relationships	6,460,419	6,460,419
Less: accumulated amortization	(4,612,977)	(2,622,262)
Net intangible assets	6,349,166	8,339,881

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The estimated amortization schedule for is set out below -

Year ending December 31,

	Amount	
	Trademark	Customer Relationship
2023	1,500,575	490,140
2024	1,500,575	490,140
2025	-	490,140
2026	-	490,140
2027	-	490,140
2028 and later	-	897,316

The weighted average remaining useful life of intangible assets is summarized in the table below -

	As at	
	December 31, 2022	December 31, 2021
Trademarks	2.00	3.00
Customer relationship	6.83	7.83

During the year ended December 31, 2022, the Company changed the estimated useful life of the Trademark from indefinite to 3 years based on the future economic benefit of the asset. As a result, the amortization expense on Trademark recorded during the year was \$1,500,575 (December 31, 2021 – Nil).

Amortization expense of customer relationship during the year ended December 31, 2022, was \$ 490,140 (December 31, 2021 - \$490,140).

NOTE J - ACCOUNTS PAYABLE

Accounts payable comprise of:

	As at	
	December 31, 2022	December 31, 2021
Trade payables	5,238,370	4,551,055
Capital creditors	960,354	7,141
Total	6,198,724	4,558,196

NOTE K - OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	December 31, 2022	December 31, 2021
Interest payable	124,230	-
Payroll liabilities	2,610,825	2,656,002
Accrued expenses	607,632	315,484
Total	3,342,687	2,971,486

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NOTE L – SHORT TERM BORROWINGS

On May 27, 2022, the Company along with its Parent Company and affiliates (“the borrowers”) entered into an un-committed discretionary revolving line of credit (the “Facility”) with HSBC Bank USA up to an aggregate amount of \$15 million, payable on demand, to be used solely for working capital needs of the borrowers. This Facility constitutes an amendment and restatement of the original Facility signed on October 07, 2021. All obligations under the original Facility were renewed and governed by the new Facility. The new Facility is secured to the same extent and carries the same priority as the original Facility. The Facility is secured by a first priority of secured interest and a lien on accounts receivable and inventory of the Company and its affiliates. All LIBOR advances under the original facility were converted to a SOFR advance under the Facility. The Facility is payable on demand and carries an interest rate of SOFR plus 2.1% p.a. As on December 31, 2022, the Company has utilized \$ 3,000,000 (December 31, 2021 – NIL) and the interest expense accrued during the year ended December 31, 2022, was \$ 62,676 (December 31, 2021 – NIL). The outstanding interest as of December 31, 2022, was \$ 13,615 (December 31, 2021 – NIL).

NOTE M – LONG TERM BORROWINGS, RELATED PARTY

	As at	
	December 31, 2022	December 31, 2021
Loan from Piramal Healthcare Canada Limited	1,568,274	-
Loan from PEL Pharma Inc.	6,829,307	-
Total	8,397,581	-

During the current year, the Company received a loan from Piramal Healthcare Canada Limited of \$ 2,295,000 to facilitate the ongoing GMP Prime (CWIP) expansion, out of which \$ 726,726 was repaid. The outstanding loan balance as on December 31, 2022, is \$ 1,568,274 (December 31, 2021 - \$ NIL). The interest accrued during the year was \$ 61,747 (December 31, 2021 - \$ NIL). The outstanding interest as of December 31, 2022, was \$ 35,939 (December 31, 2021 - NIL).

During the current year, the Company obtained a loan from PEL Pharma Inc of \$ 6,829,307. The balance payable as on December 31, 2022, is \$ 6,829,307 (December 31, 2021 - \$ NIL). The interest rate during the year ended December 31, 2022, was 6.50% (December 31, 2021 – NIL) and the interest accrued during the year was \$ 73,481 (December 31, 2021 - \$ NIL). The outstanding interest as of December 31, 2022, was \$ 73,481 (December 31, 2021 – NIL).

Loan from Piramal Healthcare Inc

During the current year, the Company obtained a loan of \$ 1,500,000 which was repaid in the same year. The balance payable as on December 31, 2022, is \$ NIL (December 31, 2021 - \$ NIL). The interest rate during the year ended December 31, 2022, was 5.50% (December 31, 2021 – NIL) and the interest accrued during the year was \$ 13,291 (December 31, 2021 - \$ NIL). The outstanding interest as of December 31, 2022, was \$ 1,195 (December 31, 2021 – NIL).

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NOTE N - REVENUE FROM CONTRACTS WITH CUSTOMERS**Disaggregated revenue information**

	Year ended	
	December 31, 2022	December 31, 2021
Type of goods or services		
Manufacturing revenue	40,820,254	33,161,187
Service revenue	14,281,726	12,508,312
Marketing services	7,919,708	8,025,606
Total	63,021,688	53,695,105

Timing of revenue recognition

Services transferred over time	13,355,266	13,415,439
Goods and services transferred at a time	49,666,422	40,279,666
Total	63,021,688	53,695,105

Contract balances

The timing of revenue recognition, billing, and cash collection results in the recognition of accounts receivable and contract liabilities on the Balance sheets.

Accounts receivables are non-interest bearing and are generally on terms of 45 to 90 days. As at December 31, 2022, the Company had \$14,697 (December 31, 2021, \$21,575) as provision for doubtful debts on accounts receivable.

Contract liabilities, discussed below, are referenced as “deferred revenue” include short-term advances received upon signing of the contracts. These are presented as deferred revenue on the balance sheets. The decrease in deferred revenue is due to a decrease in the number of contracts involving a large quantum of advances.

	As at	
	December 31, 2022	December 31, 2021
Accounts receivable, net (Note D)	11,782,890	4,650,865
Deferred revenue	2,166,039	4,151,581

NOTE O - COMMITMENTS AND CONTINGENCIES

As of December 31, 2022, the Company had a capital commitment to spend \$ 5,429,159 (December 31, 2021 - \$29,340,122) under an agreement for capital expenditure type purchase orders placed largely towards the ongoing “GMP PRIME” project for expansion of engineering facilities.

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NOTE P - OPERATING LEASES

The Company has obtained office equipment and a warehouse on lease. As of December 31, 2022, future rental for commitments for the non-cancelable leases are as follows:

Year ending December 31,	Equipment and others
2023	31,500
2024	5,249

NOTE Q - INCOME TAXES

The Company is a disregarded entity for federal and state tax purposes having a single member namely PEL Pharma Inc. as of December 31, 2022, and December 31, 2021. Generally, the income of a disregarded entity is not subject to income tax at the entity level, but rather the income will flow, and tax will be attracted to the single member while filing its income tax return. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

NOTE R - EMPLOYEE BENEFIT PLANS

The Company has an employees' savings plan which qualifies under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to make voluntary contributions based on a specific percentage of compensation which may not exceed limitations under the Internal Revenue Code.

The Company has a discretionary matching contribution of 100% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended December 31, 2022, was \$874,530 (December 31, 2021 – \$ 849,650). The amounts have been included in selling, general and administrative expenses.

NOTE S - RELATED PARTY TRANSACTIONS

A. Ultimate Parent Company

1. Piramal Pharma Limited
2. Piramal Enterprises Limited (erstwhile Ultimate Parent Company)

B. Parent Company

1. PEL Pharma Inc. (100% membership interest holder)

C. Other related parties/Affiliate Companies where common control exists

1. Piramal Pharma Solutions Inc.
2. Piramal Healthcare Inc.
3. Piramal Pharma Inc.
4. Piramal Critical Care Inc.
5. Piramal Healthcare Canada Limited
6. Piramal Healthcare UK Limited
7. Piramal Glass Limited
8. Piramal Corporate Services Pvt Ltd
9. Piramal Pharma Limited
10. PEL Healthcare LLC

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Transactions during the year and due to related parties	As at	
	December 31, 2022	December 31, 2021
<u>Piramal Corporate Services Pvt Ltd</u>		
Royalty expense	477,343	286,797
Balance payable at the end of the year	177,699	198,210
<u>Piramal Critical Care Inc.</u>		
Expense incurred on behalf of the Company	770,156	708,376
Balance payable at end of the year	438,507	231,361
<u>Piramal Enterprises Limited</u>		
Expense incurred on behalf of the Company	-	43,522
Balance payable at end of the year	-	18,355
<u>Piramal Healthcare Canada Ltd</u>		
Expense incurred on behalf of the Company	683,627	96,626
Balance payable at end of the year	666,386	6,090
<u>Piramal Healthcare UK Ltd</u>		
Expense incurred on behalf of the Company	300,000	-
Balance payable at end of the year	300,000	-
<u>Piramal Pharma Ltd</u>		
Expense incurred on behalf of the Company	24,240	128,161
Balance payable at end of the year	24,240	128,161
<u>Piramal Pharma Ltd – Ennore facility</u>		
Expense incurred on behalf of the Company	363,448	684,172
Balance payable at end of the year	363,448	121,680

Transactions during the year and due from related parties

	As at	
	December 31, 2022	December 31, 2021
<u>Piramal Healthcare UK Limited</u>		
Marketing service provided*	1,296,351	2,013,095
Balance receivable at end of the year	4,505,314	3,280,776
<u>Piramal Enterprises Limited</u>		
Sale of services during the year	-	30,000
Expense incurred on behalf of PEL	-	969,804
Balance receivable at end of the year	5,500	5,500

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Piramal Healthcare Canada Limited

Marketing service provided*	1,425,663	822,722
Balance receivable at end of the year	1,177,212	211,466

Piramal Pharma Solutions Inc.

Marketing service provided*	392,663	508,314
Expense incurred on behalf of PPSI	10,070	733
Balance receivable at end of the year	97,484	123,278

Loan Interest income during the year	137,500	90,200
Loan Interest receivable at the end of the year	183,930	58,229

Piramal Pharma Limited

Marketing service provided*	5,390,738	4,864,058
Balance receivable at end of the year	1,540,912	1,204,836

PEL Healthcare LLC

Marketing service provided*	281,993	393,483
Balance receivable at end of the year	98,564	110,931

Loan Interest Income during the year	167,043	101,684
Loan Interest receivable at the end of the year	268,727	101,684

Piramal Pharma Inc

Marketing service provided*	-	419
Purchases of services during the year	-	-
Balance receivable at end of the year	419	419

Piramal Critical Care Inc.

Marketing service provided*	188,427	19,343
Balance receivable at end of the year	157,064	6,719

PEL Pharma Inc.

Taxes paid on behalf of PEL Pharma Inc.	18,923	24,697
Balance receivable at end of the year	43,620	24,697

*The Company during the year ended December 2020, entered into a marketing service agreement to provide sales and marketing assistance to various affiliates of the Piramal Pharma Limited Group for business development and promotion such as assistance in preparation of proposals to existing and prospective customers, develop sales, marketing and pricing strategies, preparation of annual sales budget and analyze contracts entered by its affiliate on a periodic basis and sharing recommendations for negotiating favorable terms from time to time. As part of the arrangement, the Company charges a markup percentage of its service costs including commissions or other compensation of related employees and other marketing and business

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development costs incurred in providing these services. During the years ended December 31, 2022, and December 31, 2021, total marketing service income earned amounting to \$ 7,919,708 and \$8,025,606, respectively has been presented as 'other operating revenue' in the statements of income.

NOTE T - MEMBER'S INTEREST

The Company is a limited liability company with a single member, PEL Pharma Inc., owning 100% of the membership interest.

NOTE U - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and trade receivables. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such cash equivalents and trade receivables involve risk including the credit risk of non-performance by counter parties. In management's opinion, as of December 31, 2022, there was no significant risk of loss in the event of non-performance of the counter parties to these cash equivalents and trade receivables.

The Company's top 5 Customers account for 82 % of the total account receivable balance as on December 31, 2022, while the top 5 customers for the year ended December 31, 2021, accounted for 70 %.

The Company's top 5 Vendors account for 37 % of the total Account Payable balance as on December 31, 2022, while the top 5 Vendors for the year ended December 31, 2021, accounted for 34 %.

NOTE V - RISK AND UNCERTAINTIES

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

The extent of the impact of coronavirus (COVID 19) outbreak on operations of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, government actions, the impact on financial markets and the overall economy, all of which are highly uncertain and cannot be predicted.

NOTE W - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date these financial statements were available to be issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements

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INDEPENDENT AUDITOR'S REPORT

To the Members of

Piramal Pharma II Private Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements **Piramal Pharma II Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period 8th June 2022 to 31st March 2023, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2023, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and 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.

The board of directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude 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 the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



2. A. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;



(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The company has not declared or paid any dividend during the year.

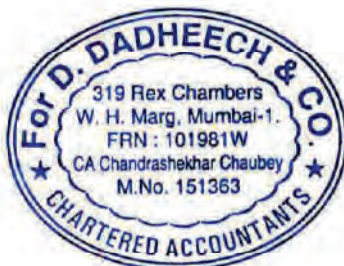
vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, the company has not paid any remuneration to its directors during the year hence provisions of section 197 of the Act shall not be applicable.

For D. DADHEECH & CO.
Chartered Accountants
FRN: 101981W



(CHANDRASHEKHAR CHAUBEY)
Partner
Membership No. 151363



UDIN: 23151363BGPJJD2993
Mumbai: May 09, 2023

ANNEXURE 'A'
TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **Piramal Pharma II Private Limited** on the Ind AS financial statements for the period ended 31st March 2023]

- (i) The company does not hold any Property, Plant and Equipment, intangible assets and immovable properties accordingly, reporting on paragraph 3 (i) of the order is not applicable.
- (ii) (a) The company does not have any inventory and hence reporting on paragraph 3(ii)(a) of the order is not applicable.

(b) According to the information and explanations provided to us, the Company has not been sanctioned working capital limits. Accordingly, the requirements under paragraph 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information explanation provided to us, the Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence, the requirements under paragraph 3(iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- (vi) The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and service tax, provident fund, employees' state insurance, income-tax, duty of customs, cess as applicable to the company have been regularly deposited by the company with appropriate authorities in all cases during the year.



- (b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, goods and service tax, customs duty, cess and any other statutory dues which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.
- (d) In our opinion, according to the information explanation provided to us, there are no funds raised on short term basis. Accordingly, the provision stated in paragraph 3(ix)(d) of the Order is not applicable to the Company.
- (e) The Company does not have any subsidiary, associate or joint venture, hence reporting under the clause 3(ix)(e) and 3(ix)(f) of the order is not applicable to the Company.
- (x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.
- (xi) (a) During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company nor on the Company.



- (b) We have not come across of any instance of fraud by the Company or on the Company during the course of audit of the financial statement for the period ended March 31, 2023, accordingly the provisions stated in paragraph 3(xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the year. Accordingly, the provisions stated in paragraph 3(xi)(c) of the Order is not applicable to company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards
- (xiv) In our opinion and based on our examination, the Company does not require to comply with provision of section 138 of the Act. Hence, the provisions stated in paragraph 3(xiv) (a) to (b) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- (xvi) (a) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi)(a) of the Order are not applicable to the Company.
- (b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(b) of the Order are not applicable to the Company.
- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) of the Order are not applicable to the Company.
- (d) The Company does not have any CIC as part of its group. Hence the provisions stated in paragraph clause 3 (xvi) (d) of the order are not applicable to the company.
- (xvii) Based on the overall review of financial statements, the Company has incurred cash losses in the current financial year. The details of the same are as follows:



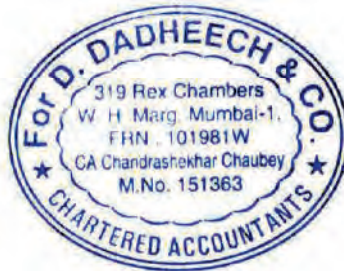
(Amount in Lakhs)	
Particulars	Current F.Y.
Net Losses	(39.32)
Non-Cash Items	-
Cash Losses	(39.32)

- (xviii) There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph clause 3 (xviii) of the Order are not applicable to the Company.
- (xix) According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realisation of financial assets and payment of liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of audit report and the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- (xx) According to the information and explanations given to us, the provisions of section 135 of the Act are not applicable to the Company. Hence, the provisions of paragraph (xx)(a) to (b) of the Order are not applicable to the Company.
- (xxi) According to the information and explanations given to us, the Company does not have any Subsidiary, Associate or Joint Venture. Accordingly, reporting under clause 3(xxi) of the Order is not applicable.

For D. DADHEECH & CO.
Chartered Accountants
FRN: 101981W



(CHANDRASHEKHAR CHAUBEY)
Partner
Membership No. 151363



UDIN: 23151363BGPJJD2993
Mumbai: May 09, 2023

ANNEXURE "B"

TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (f) under 'Report on other legal and regulatory requirements' section of our report to the Members of Piramal Pharma II Private Limited of even date)

Report on the internal financial controls over financial reporting under clause (i) of sub - section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Piramal Pharma II Private Limited ("the Company") as at March 31, 2023, in conjunction with our audit of the financial statements of the Company for the period 8th June 2022 to 31st March 2023.

Management's responsibility for internal financial controls

The board of directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the standards on auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.



Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management of override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

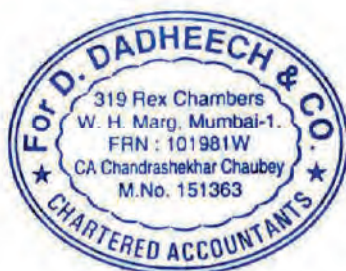
Opinion

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For D. DADHEECH & CO.
Chartered Accountants
FRN: 101981W



(CHANDRASHEKHAR CHAUBEY)
Partner
Membership No. 151363

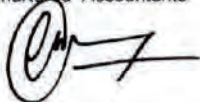


UDIN: 23151363BGPJJD2993
Mumbai: May 09, 2023

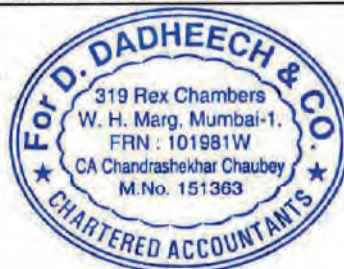
PIRAMAL PHARMA II PRIVATE LIMITED
Balance Sheet

Particulars	Note No.	As at 31st March, 2023 (Rs. In Lakhs)
ASSETS		
Non-current assets		
(a) Other non-current assets	3	13,843.65
Total Non-Current Assets		13,843.65
Current assets		
(a) Financial Assets		
(i) Cash and cash equivalents	4	82.55
(b) Other Current Assets	5	6.66
Total Current Assets		89.21
TOTAL ASSETS		13,932.86
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	6	3,401.00
(b) Other Equity	7	(39.32)
Total Equity		3,361.68
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	8	10,480.00
Total Non-Current Liabilities		10,480.00
Current liabilities		
(a) Financial Liabilities		
(i) Other financial liabilities	9	89.03
(b) Other current liabilities	10	2.15
Total Current Liabilities		91.18
Total Equity and Liabilities		13,932.86
See accompanying notes to the Financial Statements		

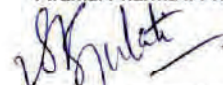
For D. Dadheech & Co.
Firm's Registration No: 101981W
Chartered Accountants



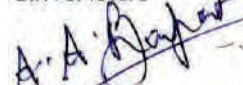
Chandrashekhar Chaubey
Mem.No: 151363
UDIN: 23151363B4PJJD2993
Place: Mumbai
Date: May 9, 2023



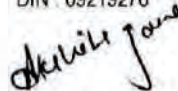
For and on behalf of
Board of Directors of
Piramal Pharma II Private Limited



SURINDER BHAWANIDAS GULATI
Director
DIN : 07154673



AMIT ANANT BAPAT
Director & CFO
DIN : 09219276



AKSHITA JAIN
Company Secretary

Place: Mumbai
Date: May 9, 2023

PIRAMAL PHARMA II PRIVATE LIMITED
Statement of Profit & Loss

Particulars	Note No	For the period 08.06.2022 to 31.03.2023 Rs. in Lakhs
I. Revenue from operations		
II. Other Income		-
III. Total Income	(I + II)	-
IV. Expenses:		
Other expenses	11	39.32
Total Expenses	IV	39.32
V. Profit / (Loss) before exceptional item and tax	(III-IV)	(39.32)
VI. Exceptional items		-
VII. Profit / (Loss) before tax		(39.32)
VIII. Tax expense:		
(1) Current tax	13	-
(2) Deferred tax		-
IX. Profit/(Loss) for the period from continuing operations	(VII-VIII)	(39.32)
X. Profit/(Loss) from discontinued operations		-
XI. Tax expense from discontinued operations		-
XII. Profit/(Loss) from discontinuing operations after tax	(X-XI)	-
XIII. Profit / (Loss) for the period	(IX+XII)	(39.32)
XIV. Other Comprehensive Income		
A. (i) Items that will not be reclassified to profit or loss		-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-
B. (i) Items that will be reclassified to profit or loss		-
(ii) income tax relating to items that will be reclassified to profit or loss		-
XV. Total Comprehensive Income for the period	(XIII+XIV)	(39.32)
XVI. Earning per equity share (for discontinued & continuing operation):	16	
1. Basic EPS (In Rs.)		(0.28)
2. Diluted EPS (In Rs.)		(0.28)
See accompanying notes to the Financial Statements		

For D. Dadheech & Co.
Firm's Registration No: 101981W
Chartered Accountants



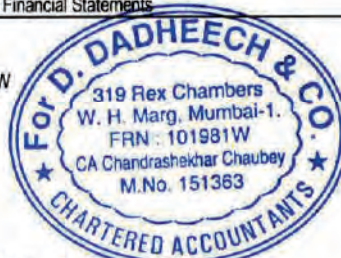
Chandrashekhar Chaubey

Mem.No: 151363

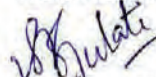
UDIN: 23151363134PJJD2993

Place: Mumbai

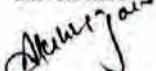
Date: May 9, 2023



For and on behalf of
Board of Directors of
Piramal Pharma II Private Limited


SURINDER BHAWANIDAS GULATI
Director
DIN : 07154673


AMIT ANANT BAPAT
Director & CFO
DIN : 09219276


AKSHITA JAIN
Company Secretary

Mumbai
Date: May 9, 2023

PIRAMAL PHARMA II PRIVATE LIMITED
Cash Flow Statement

	Particulars	For the period 08.06.2022 to 31.3.2023 Rs. In Lakhs
A.	CASH FLOW FROM OPERATING ACTIVITIES	
	Profit / (loss) before tax	(39.32)
	(Operating Loss) before Working Capital Changes	(39.32)
	Adjustments For Changes In Working Capital :	
	- (Increase) / Decrease in Other Current Assets	(6.66)
	- Increase / (Decrease) in Other Current Liabilities	91.18
	Cash Generated From Operations	45.20
	- Taxes Paid (Net of Refunds)	-
	Net Cash From / (Used in) Operating Activities (A)	45.20
B.	CASH FLOW FROM INVESTING ACTIVITIES	
	Advance for Purchase of Land	(13,843.65)
	Net Cash From / (Used in) Investing Activities (B)	(13,843.65)
C.	CASH FLOW FROM FINANCING ACTIVITIES	
	Receipt from issue of equity shares	3,401.00
	Proceeds from Non Current Borrowings (net)	
	- Receipts	15,080.00
	- Payments	(4,600.00)
	Net Cash From / (Used in) Financing Activities (C)	13,881.00
	Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	82.55
	Opening Cash and Cash Equivalents	-
	Closing Cash and Cash Equivalents	82.55
	Cash and Cash Equivalents Comprise of:	
	Balances with Banks	82.55

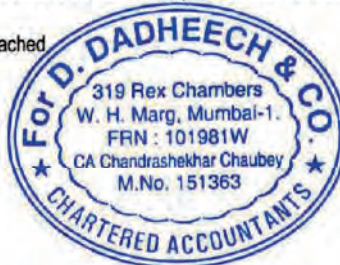
The above Statement of cash flows should be read in conjunction with the accompanying notes

As per our report of even date attached


For D. Dadheech & Co.
Firm's Registration No: 101981W
Chartered Accountants


Chandrashekhar Chaubey

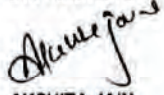
Mem.No: 151363
UDIN: **23151363BGPJJ02993**
Place: Mumbai
Date: May 9, 2023



For and on behalf of
Board of Directors of
Piramal Pharma II Private Limited


SURINDER BHAWANIDAS GULATI
Director
DIN : 07154673


AMIT ANANT BAPAT
Director & CFO
DIN : 09219276


AKSHITA JAIN
Company Secretary

Mumbai
Date: May 9, 2023

PIRAMAL PHARMA II PRIVATE LIMITED
Statement of Changes in Equity

A. Equity Share Capital

Particulars	Rs. in Lakhs
At the incorporation of the Company	1.00
Issued during the period	3,400.00
Balance as at March 31, 2023	3,401.00

B. Other Equity

(1) Current reporting period

Particulars	Reserves and Surplus	Total
	Retained Earnings	
Balance at the beginning of the current reporting period	-	-
Profit after tax for the year	(39.32)	(39.32)
Other Comprehensive Income for the year	-	-
Dividends	-	-
Any other change (to be specified)	-	-
Balance at the end of the current reporting period	(39.32)	(39.32)

For D. Dadheech & Co.

Firm's Registration No: 101981W

Chartered Accountants



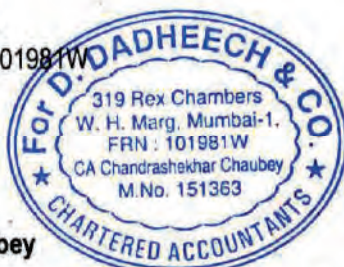
Chandrashekhar Chaubey

Mem.No: 151363

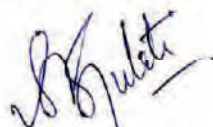
UDIN: UDDN: 23151363B4PJJD2993

Place: Mumbai

Date: May 9, 2023



**For and on behalf of Board of Directors of
PIRAMAL PHARMA II PRIVATE LIMITED**



SURINDER BHAWANIDAS GULATI

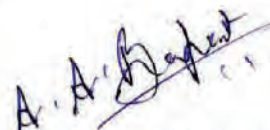
Director

DIN : 07154673



AKSHITA JAIN

Company Secretary



AMIT ANANT BAPAT

Director & CFO

DIN : 09219276

Mumbai

Date: May 9, 2023

PIRAMAL PHARMA II PRIVATE LIMITED

Notes to financial statements for the period ended March 31, 2023

1. GENERAL INFORMATION

The Company was incorporated on 08th June, 2022. The Company's CIN is U24230MH2022PTC384232

The Company intends to set up a manufacturing plant at Aurangabad, catering to Nutraceuticals and Pharma business.

2a. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of financial statements

Compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

Historical Cost convention

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair value.

ii) Property, Plant and Equipment

Premium paid for long term lease of leasehold land is amortised over the period of lease.

Depreciation

Depreciation is provided on a pro-rata basis on the straight line method ("SLM") over the estimated useful lives of the assets specified in Schedule II of the Companies Act, 2013/ on the basis of technical evaluation, which are as follows:

*Useful life of leasehold improvements is as per lease period

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

iii) Financial liabilities and equity instruments

a. Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b. Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.



PIRAMAL PHARMA II PRIVATE LIMITED

Notes to financial statements for the period ended March 31, 2023

c. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the Financial Statements for issue, not to demand payment as a consequence of the breach.

d. Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

iv) Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

v) Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

vi) Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.



Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

vii) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

viii) Borrowing Costs

General and specific borrowing costs directly attributable to acquisition or construction of qualifying assets (i.e. those Property Plant & Equipments which necessarily take a substantial period of time to get ready for their intended use) are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

ix) Segment Reporting

In accordance with Ind AS 108 'Operating Segments', segment information has been given in the consolidated Financial Statements of the Company, which are presented in the same annual report and therefore, no separate disclosure on segment information is given in these Financial Statements.

x) Standards issued but not yet effective

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.



Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

xi) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xii) Rounding of amounts

All amounts disclosed in the Financial Statements and notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III, unless otherwise stated.

xxiii) Insurance Claim

Insurance Claim is recorded as an income on the basis of filing of insurance claim and corresponding claim receivable is recognised as an asset.

xiii) Subsequent Events

Financial information are approved after considering 'Adjusting Event' and 'Non-adjusting event'. Adjustments to assets and liabilities are made for events occurring after the balance sheet date that provide additional information materially affecting the determination of the amounts relating to conditions existing at the balance sheet date or because of statutory requirements or because of their special nature. For non-adjusting events, the Company may provide a disclosure in the financial information considering the nature of the transaction.

xiv) Going Concern

When preparing financial information, management makes an assessment of the Company's ability to continue as going concern. Financial information is prepared on going concern basis unless management either intends to liquidate the Company or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as going concern, those uncertainties are disclosed. When the financial information is not prepared on a going concern basis, that fact is disclosed, together with the basis on which the financial information is prepared and the reason why the Company is not regarded as going concern.

2b. Critical accounting judgements and key sources of estimation uncertainties

The preparation of the Financial Statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.



PIRAMAL PHARMA II PRIVATE LIMITED

Notes to financial statements for the period ended March 31, 2023

As at
March 31, 2023
Rs. In Lakhs

3 OTHER NON-CURRENT ASSETS

Advance Given (Lease Payments made before the date of commencement of lease)*

13,843.65

TOTAL13,843.65

*Sub Lease Deed Executed on 17th of April, 2023 between Aurangabad Industrial Township Limited & Piramal Pharma II Private Limited

4 CASH AND CASH EQUIVALENTS

i. Balance with Banks

- Current Accounts

82.55

TOTAL82.55**5 OTHER CURRENT ASSETS**

Balance with Government Authorities

6.66

TOTAL6.66

PIRAMAL PHARMA II PRIVATE LIMITED
Notes to financial statements for the period ended March 31, 2023

As at
March 31, 2023
Rs. In Lakhs

6 SHARE CAPITAL
AUTHORISED

5,00,00,000 (5,00,00,000) Equity Shares of Rs. 10/- each

5,000.00

5,000.00
ISSUED AND PAID UP

3,40,10,000 (3,40,10,000) Equity Shares of Rs. 10/- each

3,401.00

TOTAL
3,401.00
(i) Movement in Equity Share Capital
Equity Shares
Particulars

At the beginning of the year

Add: Issued during the year

At the end of the period

As at March 31, 2023

No. of shares
Rs. in Lakhs

34,010,000

3,401.00

34,010,000
3,401.00
(ii) Details of shareholders holding more than 5% of the aggregate shares in the company
Particulars

Piramal Pharma Limited

As at March 31, 2023

No. of shares
% Holding

34,009,999

99.99%

(iii) Shareholding by the Promoters
Particulars

Piramal Pharma Limited

Akshita Jain (As a Nominee of Piramal Pharma Limited)#

share is jointly held with Piramal Pharma Limited

No. of shares
% of total shares
**% change during
the year**

34,009,999

99.99%

0%

1

0.01%

0%

(iv) Shares held by holding company

Piramal Pharma Limited

As at March 31, 2023

No. of shares
Rs. In Lakhs

34,009,999

3,401.00

(v) Terms and Rights attached to equity shares

Equity Shares: The Company has one class of equity shares having a face value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend if declared by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

As at
March 31, 2023
Rs. In Lakhs

7 Other Equity
Retained Earnings

At the beginning of the period

Add/(Less): Profit / (Loss) for the year

(39.32)

(39.32)

TOTAL
(39.32)


PIRAMAL PHARMA II PRIVATE LIMITED
Notes to financial statements for the period ended March 31, 2023
**As at
March 31, 2023
Rs. In Lakhs**
8 BORROWINGS - NON CURRENT
Secured- at amortised cost

(i) Term Loan from financial institution

10,000.00

Unsecured

(i) Loan From Related Party

480.00

TOTAL
10,480.00
Terms of repayment, nature of security & rate of interest in case of Secured Loans
A. Term Loan from other than Banks -Rupee Loans *

Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2023* (Rs. In Lakhs)
First pari passu hypothecation charge on movable fixed assets, both present and future	Repayable in 7 un-equal half-yearly starting from the end of 24th month from the date of first disbursement of Term Loan	10,000.00
First pari passu charge on immoveable properties being land and building situated at Aurangabad		

The coupon rates for the above loan is 3 month's MCLR (presently 8.05% per annum).

B. Unsecured Loan from Related party

Terms of repayment	Principal Outstanding as at March 31, 2023* (Rs. In Lakhs)
Repayable after 60 months	480.00

The coupon rates for the above loan is GSEC rate + 150 basis points per annum.

Due to non availability of any comparable coupon rate for the similar nature of instrument, the Company has considered coupon rate as GSEC rate+150 basis point for the above mentioned instrument

**As at
March 31, 2023
Rs. In Lakhs**
9 Other Financial Liabilities

Interest Accrued

88.44

Audit Fees Payable

0.59

TOTAL
89.03
**As at
March 31, 2023
Rs. In Lakhs**
10 OTHER CURRENT LIABILITIES

Statutory Dues (TDS Payable)

2.15

TOTAL
2.15


PIRAMAL PHARMA II PRIVATE LIMITED

Notes to financial statements for the period ended March 31, 2023

For the Period from
June 8, 2022 to March 31, 2023
Rs. In Lakhs

11 OTHER EXPENSES

ROC Charges for Capital Increase (MOA Fees)	30.00
Stamp duty	8.00
Preliminary Expenses	0.19
Bank charges	0.00
Other Expenses	0.48
Auditors' remuneration (refer note below)	0.65
TOTAL	39.32

Note : Breakup of Auditors' remuneration

Particulars	For the Period from June 8, 2022 to March 31, 2023 Rs. In Lakhs
Auditors' remuneration in respect of:	
- Statutory Audit (excluding taxes)	0.65
	0.65



PIRAMAL PHARMA II PRIVATE LIMITED**Notes to financial statements for the period ended March 31, 2023****12** Information in accordance with the requirements of Indian Accounting Standard 24 on Related Party**A. Holding Company**

- Piramal Pharma Limited

B. Key Management Personnel (KMP)

1. Surinder Bhawanidas Gulati
2. Amit Anant Bapat
3. Akshita Jain

Details of Transactions	Holding Company
	2023 (Rs. In Lakhs)
Loan received by company	
- Piramal Pharma Limited	5,080.00
	5,080.00
Loan repayment by company	
- Piramal Pharma Limited	4,600.00
	4,600.00
Interest paid	
- Piramal Pharma Limited	63.00
	63.00
Allotment of equity shares	
- Piramal Pharma Limited	3,401.00
	3,401.00
Loan Outstanding Balance	
- Piramal Pharma Limited	480.00
	480.00

No transaction carried out with KMPs during the period



PIRAMAL PHARMA II PRIVATE LIMITED**Notes to financial statements for the period ended March 31, 2023****13 Income Tax Relating to Operations****a) Income tax recognised in profit or loss****March 31, 2023****Rs. In Lakhs****Current tax**

In respect of the current year

-

Deferred tax

In respect of the current year

-

Total income tax expense recognised in the current year

-

b) Income tax recognised in other comprehensive income

Current tax

-

Deferred tax

-

Total income tax recognised in other comprehensive income

-

The Income Tax expense for the year can be reconciled to the accounting profit as follows:

Profit / (Loss) before tax

(39.32)

Income Tax expense calculated @25.17%

(9.90)

Others

9.90

Income Tax expense recognised in profit or loss

-



14 Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in note 8 offset by cash and bank balances) and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through non convertible debt securities or other long-term / short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The capital components of the Company are as given below:

Particulars	(Rs. in Lakhs)
	As at March 31, 2023
Equity	3,401.00
Total Equity	3,401.00
Borrowings - Non Current	10,480.00
Total Debt	10,480.00
Cash & Cash equivalents	82.55
Net Debt	10,397.45
Debt/Equity Ratio	3.06

15 Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk.

The Company has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks.

The Senior Management along with a centralized treasury manages the liquidity and interest rate risk on the balance sheet.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Management
Liquidity risk	Borrowings and other liabilities	The Senior Management along with centralized treasury deliberates on the static liquidity gap statement, future asset growth plans, tenor of assets, market liquidity and pricing of various sources of funds. It decides on the optimal funding mix taking into consideration the asset strategy and a focus on diversifying sources of funds.
Market risk - Interest rate	Long-term borrowings at variable rates	The Senior Management along with centralized treasury reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities.
Market risk - Interest rate	Short-term borrowings at variable rates	The Senior Management along with centralized treasury reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities.

Risk	Exposure arising from	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost	Diversification of bank deposits, credit limits and letters of credit Each investment in financial services is assessed by the investment team as well as independent risk team on the risk-return framework. The combined analysis of these teams is presented to the Investment Committee for investment decision. The risk is being partly mitigated by setting up a concentration risk framework, which incentivises business units to diversify portfolio across counterparties, sectors and geographies.



PIRAMAL PHARMA II PRIVATE LIMITED**Notes to financial statements for the period ended March 31, 2023****a. Liquidity Risk Management**

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Senior Management along with centralized treasury is responsible for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Company has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

Note: This includes Non-Convertible Debentures, Inter Corporate Deposits and Commercial Papers where only credit rating has been obtained and which can be issued, if required, within a short period of time.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

Maturities of Financial Liabilities	(Rs. in			
	March 31, 2023			
	Upto 1 year	1 to 3 years	3 to 5 years	& above
Borrowings	902.24	5,553.08	7,155.21	-
	902.24	5,553.08	7,155.21	-

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

In assessing whether the going concern assumption is appropriate, the Company has considered a range of factors relating to current and expected profitability, debt repayment schedule and potential sources of replacement financing. The Company has performed sensitivity analysis on such factors considered and based on current indicators of future economic conditions; there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The balances disclosed in the table above are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as on March 31, 2023.

b. Interest Rate Risk Management

The Company is exposed to interest rate risk as it has assets and liabilities based on floating interest rates as well. Senior Management along with centralised treasury assess the interest rate risk run by it and provide appropriate guidelines to the treasury to manage the risk. The Senior Management along with centralised treasury reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The Senior Management along with centralised treasury reviews the interest rate gap statement and the

The exposure of the Company's borrowings to the interest rate risk at the end of the reporting period is mentioned below:

Particulars	(Rs. in Lakhs)
	March 31, 2023
Variable rate borrowings	10,000.00
Fixed rate borrowings	480.00
	10,480.00

The sensitivity analysis below have been determined based on the exposure to interest rates for liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate liabilities has been considered to be insignificant.

If interest rates related to borrowings had been 100 basis points higher / lower and all other variables were held constant, the Company's Profit before tax for the year ended/Other Equity (pre-tax) as on March 31, 2023 would decrease/increase by Rs 100 lakhs for total borrowings. This is attributable to the Company's exposure to borrowings at floating interest



- 16 Earning Per Share (EPS) - EPS is calculated by dividing the loss attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Numbers used for calculating basic and diluted earnings per equity share are as stated below:

Particulars		For the period from June 8, 2022 to March 31, 2023
1	Profit / (Loss) after tax (Rs. in Lakhs)	(39.32)
2	Weighted Number of Shares (nos.)	14,239,561
3	Basic EPS (Rs. Per share)	(0.28)
4	Diluted EPS (Rs. Per share)	(0.28)
5	Face value per share (Rs.)	10.00

- 17 Disclosures as required by the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") are as under:

Particulars	As at 31 March 2023
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-
Further interest remaining due and payable for earlier years	-

- 18 There are no contingent liabilities for the year ended F.Y. 2022-23
- 19 Previous Year figures are Not Applicable as the Company was incorporated on June 8, 2022.
- 20 Ratio analysis

Ratio	Numerator	Denominator	For the period ended March 31, 2023	variance (%)	Reason for variance
Current ratio	Current Asset	Current Liability	0.98	N.A.	
Debt-equity ratio	Total Debt	Shareholders' Equity	3.12	N.A.	
Debt service coverage ratio	Profit before Interest, Tax and Exceptional items	Interest Expense on long term debt+ Principal Repayment of long term Debt	0.00	N.A.	
Return on equity ratio	Net Profits after taxes	Average Shareholder's Equity	-0.01	N.A.	
Inventory turnover ratio	N.A.	N.A.	N.A.	N.A.	
Trade receivables turnover ratio (in days)	N.A.	N.A.	N.A.	N.A.	
Trade payables turnover ratio (in days)	N.A.	N.A.	N.A.	N.A.	
Net capital turnover ratio	N.A.	N.A.	N.A.	N.A.	
Net profit margin (%)	N.A.	N.A.	N.A.	N.A.	
Return on capital employed	Earning before interest and taxes	Capital Employed	-0.01	N.A.	
Return on investment	N.A.	N.A.	N.A.	N.A.	

N.A.: Not Applicable



PIRAMAL PHARMA II PRIVATE LIMITED

Notes to financial statements for the period ended March 31, 2023

21 Other Statutory Information

- i The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- ii The company does not have any transaction with struck off companies.
- iii The Company does not have any such transactions which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the income tax act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act 1961).
- iv The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- v The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- vi The Company has not been declared as a wilful defaulter by any bank or financial institution (as defined under Companies Act, 2013) or consortium thereof, in accordance with the guidance on wilful defaulters issued by Reserve Bank of India.
- vii The Company has complied with the number of layers prescribed under clause (87) of Section 2 of the act read with companies (Restriction on number of Layers) Rules, 2017.
- viii The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- ix Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provided any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- x No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources of kind of funds) to any other person(s) of entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the intermediary shall lend or invest in a party ("Ultimate Beneficiaries") identified by or on behalf of the Company. There are no funds received from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities ("Ultimate beneficiaries") identified by or on behalf of the funding party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



PIRAMAL PHARMA II PRIVATE LIMITED

Notes to financial statements for the period ended March 31, 2023

22 The financial statements have been approved for issue by Company's Board of Directors on May 09, 2023.

Signature to note 1 to 22 of Financial Statements.

As per our report of even date attached

For D. Dadheech & Co.

Firm's Registration No: 101981W

Chartered Accountants



Chandrashekhar Chaubey

Mem.No: 151363

UDIN: **UDIN123151363B4PJJD2993**

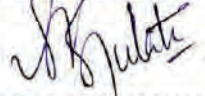
Place: Mumbai

Date: May 9, 2023



For and on behalf of

Piramal Pharma II Private Limited



SURINDER BHAWANIDAS GULATI

Director

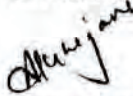
DIN : 07154673



AMIT ANANT BAPAT

Director & CFO

DIN : 09219276



AKSHITA JAIN

Company Secretary

Place: Mumbai

Date: May 9, 2023

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

KNAV P.A.

Certified Public Accountants

One Lakeside Commons, Suite 850

990 Hammond Drive NE, Atlanta, GA 30328



America Counts on CPAs

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Independent Auditor's Report

To the Board of Directors and Stockholders
Piramal Healthcare Inc.

Qualified opinion

We have audited the accompanying separate parent company financial statements of Piramal Healthcare Inc., (the "Company") which comprise the balance sheets as of December 31, 2022, and December 31, 2021, the related statements of income, stockholders' equity, and cash flows for the years then ended and the related notes to the separate parent company financial statements.

In our opinion, except for the effects of not consolidating all wholly owned subsidiaries, as discussed in the Basis for qualified opinion paragraph, the separate parent company financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of December 31, 2022, and December 31, 2021, and the results of its operations and the cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for qualified opinion

As discussed in Note B to the separate parent company financial statements, the Company reported its investments in its wholly-owned subsidiaries, Piramal Critical Care Inc., and Piramal Pharma Inc. as at December 31, 2022, and December 31, 2021, on the cost basis. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of these subsidiaries had been consolidated with those of the Company, total assets and total liabilities would have increased and investments in wholly-owned subsidiary would have decreased as of December 31, 2022, and December 31, 2021, and total revenues, total expenses, and total net profit would have increased for each of the years then ended.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate parent company financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the separate parent company financial statements

Management is responsible for the preparation and fair presentation of the separate parent company financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate parent company financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the separate parent company financial statements are available to be issued.

Auditor's responsibilities for the audit of the separate parent company financial statements

Our objectives are to obtain reasonable assurance about whether the separate parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the separate parent company financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the separate parent company financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the separate parent company financial statements.
- Obtain 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the separate parent company financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

KNAV P.A.

Atlanta, Georgia

July 03, 2023

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

Separate Parent Company Financial Statements

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

Balance sheets*(All amounts are in United States Dollars except share data, unless otherwise stated)***As at****December 31, 2022 December 31, 2021****ASSETS****Current assets**

Cash and cash equivalents	3,662,372	195,657
Loan to related party, current portion	31,220,088	31,220,088
Other current assets, related party	14,130,639	10,489,493
Other current assets	1,531,724	1,670,102
Total current assets	50,544,823	43,575,340

Loans to related parties, non-current portion	123,841,533	110,670,547
Investments in subsidiaries, at cost	21,254,068	21,254,068
Investments – others	5,485,225	3,572,554
Deferred tax asset, net	4,555,878	-
Total assets	205,681,527	179,072,509

LIABILITIES AND STOCKHOLDERS' EQUITY**Current liabilities**

Payable to related party	5,107,139	603,276
Other current liabilities	3,703	3,703
Total current liabilities	5,110,842	606,979

Stockholders' equity

Common stock (authorized, issued and outstanding; 10 shares of \$ 1,000 each)	10,000	10,000
Additional paid in capital	271,880,972	271,880,972
Accumulated deficit	(71,320,287)	(93,425,442)
Total stockholders' equity	200,570,685	178,465,530

Total liabilities and stockholders' equity	205,681,527	179,072,509
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(The accompanying notes are an integral part of these separate parent company financial statements)

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

Statements of income*(All amounts in stated United States Dollars, unless otherwise stated)*

	For the year ended	
	December 31, 2022	December 31, 2021
Revenues		
Interest income	4,473,684	2,596,376
Total revenues	4,473,684	2,596,376
Cost and expenses		
Professional expenses	158,469	139,818
Rates and taxes	2,077	34,084
Bank charges	3,844	2,998
Total cost and expenses	164,390	176,900
Operating income	4,309,294	2,419,476
Dividend income	11,620,000	13,380,000
Other income, net	1,912,671	1,807,645
Income before income taxes	17,841,965	17,607,121
Current tax expense	292,688	217,958
Deferred tax benefit	(4,555,878)	-
Net income	22,105,155	17,389,163

(The accompanying notes are an integral part of these separate parent company financial statements)

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

Statement of stockholders' equity**For the years ended December 31, 2022 and December 31, 2021***(All amounts are in United States Dollars except share data, unless otherwise stated)*

Particulars	Common Stock		Additional paid in capital	Accumulated deficit	Total stockholders' equity
	Authorized, issued and outstanding Shares	Value (\$)			
Balance as at January 1, 2021	10	10,000	271,880,972	(110,814,605)	161,076,367
Net income for the year	-	-	-	17,389,163	17,389,163
Balance as at December 31, 2021	10	10,000	271,880,972	(93,425,442)	178,465,530
Balance as at January 1, 2022	10	10,000	271,880,972	(93,425,442)	178,465,530
Net income for the year	-	-	-	22,105,155	22,105,155
Balance as at December 31, 2022	10	10,000	271,880,972	(71,320,287)	200,570,685

(The accompanying notes are an integral part of these separate parent company financial statements)

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

Statements of cash flows*(All amounts are in United States Dollars, unless otherwise stated)*

	For the year ended	
	December 31, 2022	December 31, 2021
Cash flows from operating activities		
Net income	22,105,155	17,389,163
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred tax benefit	(4,555,878)	-
Unrealized gain on investment	(1,912,671)	(1,807,645)
Dividend income	(11,620,000)	(13,380,000)
Changes in net operating assets and liabilities	4,016,606	2,201,518
Other current assets	138,377	95,102
Other current assets, related party	(3,641,146)	(954,841)
Payable to related party	4,503,863	(59,282)
Other current liabilities	-	2,041
Net cash provided by operating activities	5,017,700	1,284,538
Cash flows from investing activities		
Repayment of loans by related parties	51,995,015	6,997,366
Loan advanced to related parties	(65,166,000)	(22,168,675)
Dividend from subsidiary	11,620,000	13,380,000
Net cash used in investing activities	(1,550,985)	(1,791,309)
Net increase (decrease) in cash and cash equivalents	3,466,715	(506,771)
Cash and cash equivalents at the beginning of the year	195,657	702,428
Cash and cash equivalents at the end of the year	3,662,372	195,657
Supplementary cash flow information		
Cash paid for income taxes	12,685,064	5,920,178

(The accompanying notes are an integral part of these separate parent company financial statements)

Notes to Separate Parent Company Financial Statements

NOTE A - NATURE OF OPERATIONS

Piramal Healthcare Inc. (“PHI” or “the Company”), incorporated on October 17, 2008, in the State of Delaware, United States, is an international holding company and an indirect wholly owned subsidiary of Piramal Pharma Limited (“PPL”), a company, in India.

As on December 31, 2022, and December 31, 2021, the Company has investments in two wholly-owned subsidiaries - Piramal Critical Care Inc. (“PCCI”) and Piramal Pharma Inc. (“PPI”).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These separate parent company financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. The significant accounting policies are detailed below:

1 Basis of preparation

- a.* The accompanying separate parent company financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”) except for investments in wholly-owned subsidiaries. The Company reported its investments in PCCI and PPI using the cost basis for the reporting requirements of its ultimate parent company, Piramal Pharma Limited. Accounting principles generally accepted in the United States of America require that all majority owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of PCCI and PPI (for the years ended December 31, 2022, and December 31, 2021) had been consolidated with those of the Company, total assets and total liabilities would have increased and investments in wholly owned subsidiaries would have decreased as of December 31, 2022, and December 31, 2021. Total revenues, total expenses, and total net profit would have increased for each of the years then ended.
- b.* The separate parent company financial statements are presented for the calendar years ended December 31, 2022, and December 31, 2021. All amounts are stated in United States Dollars unless specified otherwise.

2 Use of estimates

The preparation of separate parent company financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the separate parent company financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for the realization of deferred tax assets and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revisions in accounting estimates are recognized prospectively in the current and future periods.

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

3 Cash and cash equivalents

Cash equivalents consist of highly liquid investments with a maturity of three months or less on the date of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to \$ 250,000 for each insured bank for each account per depositor.

4 Investment at cost

Investments in majority owned or wholly-owned subsidiaries are carried at cost. Acquisition related expenditure is expensed in the year of incurring the same.

5 Investments at fair value

Equity interests, other than investments in subsidiaries, with/without readily determinable fair values are carried at fair value with changes in value recorded in the statements of income under the head "Other income".

6 Revenue recognition

The Company receives interest income from its affiliate companies and recognizes interest income on an accrual basis.

Other income

Dividend income is recognized when the dividend is declared by the majority owned or wholly owned entity or investee.

7 Income taxes

In accordance with the provisions of Financial Accounting Standards Board Accounting Standard Codification Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all, of the asset, will not be realized.

8 Fair value measurements and financial instruments

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the separate parent company financial statements are categorized based on the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, which are directly related to the amount of subjectivity, associated with the inputs to the valuation of these assets or liabilities are as follows:

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

9 Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the separate parent company financial statements.

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Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

NOTE C- CONCENTRATION RISK

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect future operating results and cause actual results to vary materially from expectations include but are not limited to government regulations and credit risk.

The Company has a concentration in respect of the region in which its subsidiaries operate, which is the North American market. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company believes that it is not exposed to any significant risk on cash and cash equivalents.

NOTE D- LOAN TO RELATED PARTY, CURRENT

Loan to related party include the following:

	As at	
	December 31, 2022	December 31, 2021
Loan to PEL Pharma Inc. (Refer note K)	28,649,506	28,649,506
Note receivable from PEL Pharma Inc.	2,570,582	2,570,582
Total	31,220,088	31,220,088

Loan to PEL Pharma Inc.

The interest rate on loan to PEL Pharma Inc. is 2% annually for years ended December 31, 2022, and December 31, 2021. Interest receivable on the above loan as of December 31, 2022, was \$ 2,152,509 (December 31, 2021: \$1,579,519). Interest income on the above loan during the year ended December 31, 2022, was \$ 572,990 (December 31, 2021 : \$ 546,931). The loan is repayable on demand.

Note receivable from PEL Pharma Inc.

The interest rate on the note receivable for the year ended December 31, 2022, and December 31, 2021 is annually 4%. Interest receivable as of December 31, 2022, was \$ 510,829 (December 31, 2021 : \$ 406,567). Interest income during the year ended December 31, 2022, was \$ 104,251 (December 31, 2021: \$ 104,251). The note is repayable on demand.

NOTE E- OTHER CURRENT ASSETS

Other current assets, including related party receivables, include the following:

	As at	
	December 31, 2022	December 31, 2021
Interest due from related parties (Refer note K)	14,103,007	10,461,861
Other receivables from related parties	27,632	27,632
Advance taxes, net	1,531,724	1,670,102
Total	15,662,363	12,159,595

NOTE F- LOANS TO RELATED PARTIES, NON-CURRENT

Loans to related parties, non-current includes the following (Refer note K):

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

	As at	
	December 31, 2022	December 31, 2021
Loan to Piramal Critical Care Inc.	-	50,495,015
Loan to Piramal Pharma Solutions Inc.	37,394,304	37,394,304
Loan to Piramal Pharma Inc.	3,427,229	3,401,228
Loan to Piramal Critical Care B.V	6,000,000	6,000,000
Loan to Piramal Critical Care U.K	16,600,000	3,000,000
Loan to Piramal Dutch Holdings N.V	10,380,000	10,380,000
Loan to Piramal Healthcare U.K	4,300,000	-
Loan to PEL Pharma Inc	45,740,000	-
Total	123,841,533	110,670,547

Rate of interest:

	As at	
	December 31, 2022	December 31, 2021
	(%)	(%)
Piramal Critical Care Inc.	-	2.00
Piramal Pharma Solutions Inc.	2.00	2.00
Piramal Pharma Inc.	2.00	2.00
Piramal Critical Care B.V	2.00	2.00
Piramal Critical Care U.K.	6.96	3.25
Piramal Dutch Holdings N.V.	6.96	2.00
Piramal Healthcare U.K.	6.96	-
PEL Pharma Inc	6.96	-

Interest receivable on the above loans as of December 31, 2022, was \$ 11,439,669 (December 31, 2021: \$ 8,475,774). Interest income on the above loans during the year ended December 31, 2022, was \$ 3,796,443 (December 31, 2021: \$ 1,945,194).

NOTE G- INVESTMENTS IN SUBSIDIARIES, AT COST

Investments in subsidiaries include the following:

	As at	
	December 31, 2022	December 31, 2021
Investment in Piramal Critical Care Inc.	14,154,068	14,154,068
Investment in Piramal Pharma Inc.	7,100,000	7,100,000
Total	21,254,068	21,254,068

NOTE H- INVESTMENT- OTHERS

On March 04, 2019, the Company invested an amount of \$ 1,130,213 in Nyca Investment Fund III (“the Fund”), a New York based FinTech focused fund. On February 11, 2020, and August 12, 2020, additional investments amounting \$ 375,000 each were made to the Fund.

As of December 31, 2022, and December 31, 2021, the investment is reported at fair value in the balance sheets and the difference between the fair value of the investment and the original cost has been accounted in the statements of income. The fair value of investment as of December 31, 2022 amounts to \$ 5,485,225 (December 31, 2021 : \$ 3,572,554).

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

As of December 31, 2022, Company's investment in the fund accounts for 1.59 % of the total investment value of the fund (December 31, 2021: 1.59 %).

NOTE I- OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	As at	
	December 31, 2022	December 31, 2021
Provision for expenses	3,703	3,703
Total	3,703	3,703

NOTE J- INCOME TAXES

The Company files a consolidated federal tax return as per regulations applicable to Chapter C corporations in the United States of America.

The Company files combined state tax returns with its US subsidiaries in states where nexus is determined, and combined filing is required or permitted based on the state statutes.

The components of the provision for income taxes are as follows:

	For the year ended	
	December 31, 2022	December 31, 2021
Current taxes		
State	292,688	217,958
Deferred taxes		
Federal	(3,365,486)	-
State	(1,190,392)	-
Total	(4,263,190)	217,958

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	December 31, 2022	December 31, 2021
Income tax at federal rate	3,746,632	3,594,560
State tax, net of federal effect	512,667	296,439
Permanent differences	(2,440,200)	(2,809,808)
Temporary differences	388,880	27,838
Change in net operating losses	(285,945)	(26,999)
Change in valuation allowance	(6,185,224)	(864,072)
Total	(4,263,190)	217,958

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

	As at	
	December 31, 2022	December 31, 2021
Non-current deferred tax assets		
Net operating losses	5,130,877	6,243,199
Total deferred tax asset	5,130,877	6,243,199
Investment in foreign partnership	(574,999)	(39,973)
Total deferred tax liability	(574,999)	(39,973)
Net deferred taxes	4,555,878	6,203,226
Less: valuation allowance	-	(6,203,226)
Deferred tax asset, net	4,555,878	-

Realization of net deferred tax assets is dependent upon the generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences, and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit the use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change. Based on positive and negative evidence, the management believes that the deferred tax assets will be realized during the foreseeable future and accordingly a net deferred tax asset of \$ 4,555,878 and \$ Nil, as at December 31, 2022, and December 31, 2021, respectively.

As at December 31, 2022, the Company has federal net operating loss carryforwards of approximately \$ 18,016,281. NOLs created from 2018 onwards will be carryforward to indefinite time period and NOLs prior to 2018 will expire between tax years 2032 and 2036. The Company has net operating loss carryforwards in various states of \$ 17,073,500 as at December 31, 2022, which if unutilized will expire based on various state statutes.

The Company is a party to a Tax Sharing Agreement, with an effective date of January 01, 2018, with Piramal Critical Care Inc. ("PCCI"). The Tax Sharing Agreement sets forth, among other things, PHI, and each of the Company's obligations in connection with filing consolidated federal, state, and foreign tax returns. The agreement provides that current income tax expense (benefit) is computed on a separate return basis and the Company shall make payments (or receive reimbursement) to or from members of the tax group to the extent their income (losses and other credits) contribute to (reduce) the consolidated income tax expense. The consolidating companies are reimbursed for the net operating losses or other tax attributes they have generated when utilized in the consolidated returns. The Company may recognize a benefit in the calculation of its provision for income taxes to the extent that foreign tax credits, capital losses and other tax attribute generated by the Company can be utilized both on a separate company basis and in the consolidated or combined tax. returns of PHI.

Per the Tax Sharing Agreement, for all taxable years from January 01, 2018, the Company shall pay the entire federal income tax liability of the consolidated group and shall indemnify and hold harmless PCCI against any such liability; provided, however, that the Company shall make payments to or receive payments from PCCI as provided in the Tax Sharing Agreement for any taxable year during which the Company is included in the consolidated group.

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the separate parent company financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as of December 31, 2022, and December 31, 2021.

The tax years of 2019 to 2021 remain subject to examination by the taxing authorities.

NOTE K- RELATED PARTY TRANSACTIONS

The Company had transactions relating to loans, advances, and investments with following related parties:

A. Stockholders

1. Piramal Enterprises Limited (erstwhile parent company) (Owning 10% of common stock till October 04, 2020).
2. Piramal Pharma Limited (the Ultimate Parent Company) (Owning 10% of common stock effective October 05, 2020 and as of December 31, 2022)
3. Piramal Dutch Holdings N.V. (Owning 90% of common stock as of December 31, 2022 and 2021, respectively)

B. Subsidiaries

1. Piramal Critical Care Inc.
2. Piramal Pharma Inc.

C. Affiliates

1. Piramal Pharma Solutions Inc.
2. PEL Pharma Inc.
3. Piramal Dutch IM Holdco B.V.
4. Piramal Critical Care U.K
5. Piramal Critical Care B.V
6. Piramal Dutch Holdings N.V
7. Ash Steven LLC
8. Piramal Healthcare U.K

	As at	
	December 31, 2022	December 31, 2021
Piramal Enterprises Limited		
Receivable for excess guarantee commission paid	20,606	20,606
Receivable for expenses incurred on the behalf of Piramal Enterprise Limited	7,026	7,026
Piramal Critical Care Inc.		
Loan receivable	-	50,495,015
Interest receivable	81,244	-
Interest income for the year	830,080	1,009,220
Current account balance payable	5,107,139	603,276
Dividend income	11,620,000	13,380,000

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

Piramal Pharma, Inc.

Loan receivable	3,427,229	3,401,228
Interest receivable	102,958	34,735
Interest income for the year	68,171	70,166

PEL Pharma, Inc.

Loan receivable	74,389,506	28,649,506
Note receivable	2,570,582	2,570,582
Interest receivable	3,718,423	1,986,086
Interest income for the year	1,728,855	651,182

Piramal Pharma Solutions, Inc.

Loan receivable	37,394,304	37,394,304
Interest receivable	9,095,104	8,347,214
Interest income for the year	747,886	747,889

Piramal Critical Care B.V.

Loan receivable	6,000,000	6,000,000
Interest receivable	120,000	71,671
Interest income for the year	120,000	71,671

Piramal Critical Care U.K.

Loan receivable	16,600,000	3,000,000
Interest receivable	340,588	13,623
Interest income for the year	330,437	13,623

Piramal Dutch Holdings N.V.

Loan receivable	10,380,000	10,380,000
Interest receivable	636,121	8,532
Interest income for the year	627,589	8,532

Ash Stevens LLC

Loan receivable	-	-
Interest receivable	1,194	-
Interest income for the year	13,291	-

Piramal Healthcare U.K.

Loan receivable	4,300,000	-
Interest receivable	7,375	-
Interest income for the year	7,375	-

The Company has a payable balance amounting to \$ 5,107,138 (December 2021: payable balance of \$ 603,276) on account of taxes paid on behalf of PCCI, which is included in "Payable to related party" in the balance sheets.

NOTE L- COMMON STOCK*Common stock issued*

Common stock issued as of December 31, 2022 was 10 shares of \$ 1,000 par each (December 31, 2021, 10 shares of \$ 1,000 par each).

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE M- FAIR VALUE MEASUREMENTS

The Company's financial instruments consist of cash and cash equivalents, investments, loans, and advances to subsidiaries and affiliates. The estimated fair value of cash, loans advanced – current, and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. The fair value of long-term loans and advances to subsidiaries and affiliates also approximate their carrying values. None of these instruments are held for trading purposes.

The Company measures investments, other than investments in subsidiaries, at fair value on a recurring basis. The fair value measurements of these investments were determined using the following inputs as of December 31, 2022 and December 31, 2021.

	As of December 31, 2022		
	Quoted price in active markets for identical	Significant other observable	Significant other observable
	Assets	Inputs	Inputs
	(Level 1)	(Level 2)	(Level 3)
*Nyca Investment Fund III	-	-	5,485,225
Total	-	-	5,485,225

	As of December 31, 2021		
	Quoted price in active markets for identical	Significant other observable	Significant other observable
	Assets	Inputs	Inputs
	(Level 1)	(Level 2)	(Level 3)
*Nyca Investment Fund III	-	-	3,572,554
Total	-	-	3,572,554

*The investment in the Fund is valued on the basis of net asset value received from the fund house.

Reconciliation for the investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year:

Piramal Healthcare Inc.

Separate Parent Company Financial Statements

December 31, 2022 and December 31, 2021

	December 31, 2022	December 31, 2021
	Significant other unobservable Inputs (Level 3)	Significant other unobservable Inputs (Level 3)
Opening balance	3,572,554	1,764,909
Purchase of securities	-	-
Unrealized gain included in the statements of income	1,912,671	1,807,645
Closing balance	5,485,225	3,572,554

*Unrealized gain is included in the statements of income under the head 'other income'.

NOTE N- RISK AND UNCERTAINTIES

The Company has evaluated the possible effect of COVID – 19 on the carrying amount of loan to related party and other assets and believes that the current COVID-19 scenario is not/will not materially impact the separate parent company financial statements of the Company for the year ended on December 31, 2022. The Company will continue to monitor developments to identify significant uncertainties surrounding COVID-19 and its impact on performance of the Company for future periods.

NOTE O- DIVIDEND INCOME

During the year ended December 31, 2022, the Company received dividend income amounting to \$ 11,620,000 from its wholly owned subsidiary, Piramal Critical Care Inc. (December 31, 2021: \$ 13,380,000)

NOTE P- SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after December 31, 2022, through the date the financial statements were available to be issued. The Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

Piramal Pharma Inc.

Financial Statements

December 31, 2022 and December 31, 2021

KNAV P.A.

Certified Public Accountants
One Lakeside Commons, Suite 850
990 Hammond Drive NE, Atlanta, GA 30328



America Counts on CPAs

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Independent Auditor's Report

To the Board of Directors and Stockholder
Piramal Pharma Inc.

Opinion

We have audited the accompanying financial statements of Piramal Pharma Inc. (the "Company"), which comprise of the balance sheets as of December 31, 2022, and December 31, 2021, the related statements of loss, stockholder's equity and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, financial statements referred to above present fairly, in all material respects, the financial position of the Company, as of December 31, 2022, and December 31, 2021, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KNAV P.A.

Atlanta, Georgia

July 03, 2023

Piramal Pharma Inc.

Financial Statements

December 31, 2022 and December 31, 2021

Financial Statements

Piramal Pharma Inc.

Financial Statements

December 31, 2022 and December 31, 2021

Balance sheets*(All amounts are in United States Dollars except share data, unless otherwise stated)***As at****December 31, 2022 December 31, 2021****ASSETS****Current assets**

Cash and cash equivalents	27,909	391
Accounts receivable, related parties	4,782,715	4,782,715
Other receivable, related party	48,579	48,579
Loan to related party	3,060,000	3,060,000
Other current assets	536,572	392,739
Total current assets	8,455,775	8,284,424

LIABILITIES AND STOCKHOLDER'S EQUITY**Current liabilities**

Short-term borrowings, related party	2,621,196	2,621,196
Other current liabilities	628,520	428,630
Total current liabilities	3,249,716	3,049,826

Long term borrowings, related party

3,427,126 3,401,126

Total liabilities**6,676,842 6,450,952****Stockholder's equity**

Common stock	7,100,000	7,100,000
(\$ 1,000 par value, authorized 8,000 shares, issued and outstanding 7,100 shares)		
Additional paid in capital	1,270,647	1,261,425
Accumulated deficit	(6,591,714)	(6,527,953)
Total stockholder's equity	1,778,933	1,833,472
Total liabilities and stockholder's equity	8,455,775	8,284,424

(The accompanying notes are an integral part of these financial statements)

Piramal Pharma Inc.

Financial Statements

December 31, 2022 and December 31, 2021

Statements of loss*(All amounts are in United States Dollars, unless otherwise stated)*

	For the year ended	
	December 31, 2022	December 31, 2021
Selling, general and administrative expenses	11,331	1,592
Depreciation and amortization	-	3,633
Total cost and expenses	11,331	5,225
Operating loss	(11,331)	(5,225)
Other income (expenses)		
Interest expense	(199,228)	(201,247)
Interest income	153,000	119,389
Other income	3,320	40,903
Loss before taxes	(54,239)	(46,180)
Current tax expense	(9,522)	(2,873)
Net loss	(63,761)	(49,053)

(The accompanying notes are an integral part of these financial statements)

Piramal Pharma Inc.

Financial Statements

December 31, 2022 and December 31, 2021

Statements of stockholder's equity*(All amounts are in United States Dollars except share data, unless otherwise stated)*

Particulars	Common stock				Additional paid in capital	Accumulated deficit	Total stockholder's equity
	Authorized		Issued and Outstanding				
	Shares	Value (\$)	Shares	Value (\$)			
Balance as at January 1, 2021	8,000	8,000,000	7,100	7,100,000	1,256,671	(6,478,900)	1,877,771
Provision for taxation transferred to parent (Refer Note K)	-	-	-	-	4,754	-	4,754
Net loss	-	-	-	-	-	(49,053)	(49,053)
Balance as at December 31, 2021	8,000	8,000,000	7,100	7,100,000	1,261,425	(6,527,953)	1,833,472
Balance as at January 1, 2022	8,000	8,000,000	7,100	7,100,000	1,261,425	(6,527,953)	1,833,472
Provision for taxation transferred to parent (Refer Note K)	-	-	-	-	9,222	-	9,222
Net loss	-	-	-	-	-	(63,761)	(63,761)
Balance as at December 31, 2022	8,000	8,000,000	7,100	7,100,000	1,270,647	(6,591,714)	1,778,933

(The accompanying notes are an integral part of these financial statements)

Piramal Pharma Inc.

Financial Statements

December 31, 2022 and December 31, 2021

Statements of cash flows*(All amounts are stated in United States Dollars, unless otherwise stated)*

	For the year ended	
	December 31, 2022	December 31, 2021
Cash flows from operating activities		
Net loss	(63,761)	(49,053)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	-	3,633
Provision for taxation transferred to parent <i>(Refer Note K)</i>	9,222	4,754
Changes in net operating assets and liabilities		
Other current assets	(143,833)	(11,228)
Other payable, related party	-	(87,465)
These financial statements are prepared in accordance with generally accepted accounting principles	199,890	86,325
Accounts payable	-	(21,049)
Net cash provided by (used in) operating activities	1,518	(74,083)
Cash flow from investing activities		
Loan given to related party	-	(1,060,000)
Net cash used in investing activities	-	(1,060,000)
Cash flows from financing activities		
Proceeds from long term borrowings	26,000	101,464
Repayment of long term borrowings	-	(434,919)
Net cash provided by (used in) financing activities	26,000	(333,455)
Net increase (decrease) in cash and cash equivalents	27,518	(1,467,538)
Cash and cash equivalents at the beginning of the year	391	1,467,929
Cash and cash equivalents at the end of the year	27,909	391
Supplementary cash flow information		
Cash paid for interest	-	83,436
Cash paid for income taxes	475	300

(The accompanying notes are an integral part of these financial statement)

Notes to Financial Statements

NOTE A - NATURE OF OPERATIONS

Piramal Pharma Inc. (“Piramal Pharma” or “the Company”), a company incorporated in Delaware, is a wholly owned subsidiary of Piramal Healthcare Inc. The Company is ultimately wholly owned by Piramal Pharma Limited (“PPL”), a company listed in India.

Piramal Pharma Inc. used to provide sales support and marketing services to Piramal Enterprises Limited (‘the erstwhile ultimate parent company’), its affiliate companies and others. The Company is non-operating for the years ended December 31, 2022, and December 31, 2021.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America . The significant accounting policies are detailed below:

1 Basis of preparation

- a) The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (‘US GAAP’) to reflect the financial position, results of operations and cash flows of the Company.
- b) The financial statements are for the years January 01, 2022 to December 31, 2022 and January 01, 2021 to December 31, 2021. All amounts are stated in US Dollars, unless specified otherwise.

2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for realization of deferred tax assets, allowance for doubtful debts and accruals at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision in accounting estimates are recognized prospectively in the current and future periods.

3 Going concern

As of December 31, 2022, the Company has an accumulated deficit of \$ 6,591,714 (December 31, 2021: \$6,527,953) and incurred net loss amounting to \$ 63,761 during the year ended December 31, 2022 (Year ended December 31, 2021: \$ 49,053). However, based on the continued support from the ultimate parent company, Piramal Pharma Limited, the management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future

4 Cash and cash equivalents

Cash equivalents consist of highly liquid investments with a maturity of three months or less on the date of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to \$ 250,000 for each insured bank for each account per depositor.

5 Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or average rate approximately to the rate on the transaction date. Exchange differences on foreign exchange transactions settled during the year are recognized in the statements of loss.

6 Income taxes

In accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 740 “Income Taxes,” income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized

7 Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, which are directly related to the amount of subjectivity, associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable - related parties, other receivable- related party, accounts payable, accrued liabilities, loan to related party, short - term and long-term borrowings. The estimated fair value of cash, accounts receivable - related parties, other receivable- related party, accounts payable, accrued liabilities and borrowings approximate their carrying amounts of these instruments. None of these instruments are held for trading purposes.

8 Equipment

Equipment are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful life of the assets using the straight-line method. When assets are retired or otherwise disposed of, the cost of the asset and related depreciation are eliminated from the financial records. Any gain or loss on disposition is credited or charged to the statements of loss.

The estimated useful lives of assets are as follows:

Computers	6 years
Furniture and fixtures	15 years

9 Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

10 Allowance for doubtful debts

The Company follows specific identification method for recognizing bad debts. Management analyses accounts receivable and the composition of the accounts receivable aging, historical bad debts, current economic trends, and customer credit worthiness when evaluating the adequacy of the provision for doubtful accounts. As of December 31, 2022, and December 31, 2021, all the accounts receivables are related party receivables and the management believes that no allowance of doubtful debts should be recognized on those receivables.

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Piramal Pharma Inc.

Financial Statements

December 31, 2022 and December 31, 2021

NOTE C - ACCOUNTS RECEIVABLE, RELATED PARTIES

Accounts receivable from related parties includes the following

	As at	
	December 31, 2022	December 31, 2021
Piramal Enterprises Limited (<i>Refer note L</i>)	30,034	30,034
Piramal Healthcare UK Limited (<i>Refer note L</i>)	3,451,928	3,451,928
Piramal Pharma Solutions Inc. (<i>Refer note L</i>)	1,300,753	1,300,753
Total	4,782,715	4,782,715

NOTE D - OTHER RECEIVABLE, RELATED PARTY

Other receivable from related parties includes the following

	As at	
	December 31, 2022	December 31, 2021
Receivable from Piramal Pharma Solutions Inc. (<i>Refer note L</i>)	48,579	48,579
Total	48,579	48,579

Piramal Pharma Solutions Inc. ("PPSI")

The Company had incurred travelling and miscellaneous expenses on behalf of PPSI. The balance due is receivable as on December 31, 2022 and 2021.

NOTE E - LOAN TO RELATED PARTY

Loans to related party includes the following:

	As at	
	December 31, 2022	December 31, 2021
Loan to PEL Pharma Inc. (<i>Refer note L</i>)	3,060,000	3,060,000
Total	3,060,000	3,060,000

Loan to PEL Pharma Inc.

The Company advanced a loan to PEL Pharma Inc. amounting to \$ 2,000,000 on June 20, 2018. A further loan of \$1,060,000 was advanced during the year ended December 31, 2021. The loan outstanding as at December 31, 2022 and 2021 was \$ 3,060,000 and \$ 3,060,000, respectively. The interest rate as on December 31, 2022 and 2021 was 5 % per annum. The interest income for the year ended December 31, 2022 was \$ 153,000 (December 31, 2021: \$119,389). The loan is repayable on demand.

NOTE F - OTHER CURRENT ASSETS

	As at	
	December 31, 2022	December 31, 2021
Interest receivable from PEL Pharma (<i>Refer Note L</i>)	526,087	373,087
Advance, related party (<i>Refer Note L</i>)	2,701	2,701
Advance taxes, net	1,473	3,604
Other receivables	6,311	13,347
Total	536,572	392,739

Piramal Pharma Inc.

Financial Statements

December 31, 2022 and December 31, 2021

NOTE G - EQUIPMENT, NET

Equipment, net include the following:

	As at	
	December 31, 2022	December 31, 2021
Computers	94,247	94,247
Furniture	14,913	14,913
	109,160	109,160
Less: accumulated depreciation	(109,160)	(109,160)
Equipment, net	-	-

Depreciation expense for the year ended December 31, 2022 was \$ Nil (December 31, 2021: \$ 3,633).

NOTE H - OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	As at	
	December 31, 2022	December 31, 2021
Accrued expenses	12,107	11,445
Interest payable, related party (<i>Refer note L</i>)	616,413	417,185
Total	628,520	428,630

NOTE I - SHORT TERM BORROWING, RELATED PARTY

Short-term borrowing, related party includes the following:

	As at	
	December 31, 2022	December 31, 2021
Loan from Piramal Healthcare Canada Limited (<i>Refer note L</i>)	2,621,196	2,621,196
Total	2,621,196	2,621,196

Piramal Healthcare Canada Limited

The Company had a balance outstanding of \$ 2,621,196 as at December 31, 2022 and December 31, 2021, respectively. The interest rate on the given loan is 5% p.a. Interest expense accrued and payable as on December 31, 2022 is \$512,528 (December 31, 2021 is \$ 381,468). Interest expense for the year ended December 31, 2022 is \$ 131,060 (December 31, 2021 is \$ 131,060). The loan is repayable on demand.

NOTE J - LONG TERM BORROWING, RELATED PARTY

Long term borrowing, related party includes the following:

	As at	
	December 31, 2022	December 31, 2021
Loan from Piramal Healthcare Inc. (<i>Refer note L</i>)	3,427,127	3,401,126
Total	3,427,127	3,401,126

Loan from Piramal Healthcare Inc.

During the year 2018, the Company had taken a loan of \$ 14,043,786 from Piramal Healthcare Inc. During the year ended December 31, 2019, the Company borrowed an additional amount of \$ 1,100,000. The Company also converted an amount of \$ 7,000,000 into common stock and repaid an amount of \$ 1,092,504. During the year ended December 31, 2020, the Company repaid an amount of \$ 3,316,701. During the year ended December 31, 2021, the Company availed an additional loan of \$ 101,464, and repaid \$ 434,919. During the year ended December 31, 2022, the Company availed an additional loan of \$ 26,000. Loan balance outstanding as at December 31, 2022, and December 31, 2021, amounts to \$ 3,427,127 and \$ 3,401,126, respectively. Interest rate as on December 31, 2022 and December 31, 2021 is 2%. Interest payable as on December 31, 2022 was \$ 103,885 (December 31, 2021: \$35,717). Interest expense for the year ended December 31, 2022 was \$ 68,170 (December 31, 2021: \$ 70,187).

Piramal Pharma Inc.

Financial Statements

December 31, 2022 and December 31, 2021

NOTE K - INCOME TAXES

On January 1, 2013, the Company became a member of Piramal Healthcare Inc. consolidated federal tax group. Accordingly, the Company files a federal tax return as a member of Piramal Healthcare Inc ("Parent Company") consolidated group for the year ended December 31, 2022 and 2021.

The Company files combined state tax returns with affiliated companies in certain states while in certain states, the Company files the tax returns on a separate entity basis.

	For the year ended	
	December 31, 2022	December 31, 2021
Current taxes		
Federal	3,205	-
State	6,317	2,873
Total	9,522	2,873

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	For the year ended	
	December 31, 2022	December 31, 2021
Income tax at federal rate	(11,348)	(19,564)
State tax, net of federal effect	(7,370)	20,751
Franchise tax	-	(2,156)
Return to provision	10,423	367
Change in valuation allowance	17,817	3,475
	9,522	2,873

Tax attributable to Parent Company is recognized in additional paid in capital and amounts to \$ 9,222 and \$ 4,754 for the years ended December 31, 2022, and December 31, 2021, respectively.

	As at	
	December 31, 2022	December 31, 2021
Non-current deferred tax assets		
Accrued interest - Piramal Healthcare Canada Limited	131,945	90,986
Net operating losses	1,553,745	1,576,822
Total deferred tax assets	1,685,690	1,667,808
Non-current deferred tax liabilities		
Equipment	50	115
Total deferred tax liabilities	50	115
Net deferred taxes	1,685,740	1,667,923
Less: Valuation allowance	(1,685,740)	(1,667,923)
Net deferred taxes after valuation allowance	-	-

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

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Management believes that negative evidence outweighs the positive evidence and thus it is more likely than not that the benefit from deferred tax assets (including deferred tax asset on net operating losses) may not be realized in foreseeable future. In recognition of this risk, a valuation allowance of \$ 1,685,740 and \$ 1,667,923 has been created as at December 31, 2022 and December 31, 2021

As at December 31, 2022, the Company has federal net operating loss carryforwards of approximately \$ 7,356,535 which will be carried forward indefinitely. The Company has state net operating loss carryforwards of approximately \$ 1,104,929 as on December 31, 2022, which if unutilized will expire based on the respective state statutes.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. Interest and penalties, if incurred, are recognized in the statements of loss. The Company has no unrecognized tax positions at December 31, 2022 and December 31, 2021.

The tax years from 2019 through 2021 remain subject to examination by the taxing authorities.

NOTE L - RELATED PARTY TRANSACTIONS

The Company has entered into transactions with the following related parties –

1. Piramal Enterprises Limited (erstwhile ultimate parent company)
2. Piramal Healthcare Inc. (Parent Company)
4. Piramal Healthcare Canada Limited (affiliate company)
5. Piramal Healthcare UK Limited (affiliate company)
6. Piramal Pharma Solutions Inc. (affiliate company)
7. Ash Stevens LLC (affiliate company)
8. PEL Pharma Inc. (affiliate company)

The balances and transactions during the year ended December 31, 2022 and 2021 are as follows:

	As at	
	December 31, 2022	December 31, 2021
<u>Piramal Enterprises Limited</u>		
Balances as at year end		
Accounts receivable	30,034	30,034
<u>Piramal Healthcare Inc.</u>		
Balances as at year end		
Loan payable	3,427,126	3,401,126
Interest payable	103,885	35,717
Transactions during the year		
Interest expense	68,170	70,187
<u>Piramal Healthcare Canada Limited</u>		
Balances as at year end		
Loan payable	2,621,196	2,621,196
Interest payable	512,528	381,468

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Transactions during the year

Interest expense	131,060	131,060
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Piramal Healthcare UK Limited**Balances as at year end**

Accounts receivable	3,451,928	3,451,928
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Piramal Pharma Solutions Inc.**Balances as at year end**

Accounts receivable	1,300,753	1,300,753
Other receivables	48,579	48,579

Ash Stevens LLC**Balances as at year end**

Other current liabilities	2,701	2,701
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PEL Pharma Inc.**Balances as at year end**

Loan receivable	3,060,000	3,060,000
Interest receivable	526,087	373,087

Transactions during the year

Interest income	153,000	119,389
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NOTE M - COMMON STOCK*Common stock authorized, issued and outstanding*

The authorized share capital of the Company was 8,000 shares of par value \$ 1,000 as at December 31, 2022. Common stock issued as at December 31, 2021 was 7,100 shares of \$ 1,000 par each (December 31, 2021: 7,100 shares of \$ 1,000 par each).

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE N - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, loans to related party and accounts receivables. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such cash equivalents and accounts receivable involve risk including the credit risk of non-performance by counter parties. In management's opinion, as of December 31, 2022 and 2021, there was no significant risk of loss in the event of non-performance of the counter parties to these cash equivalents and accounts receivables.

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NOTE O - RISK AND UNCERTAINTIES

The Company has evaluated the possible effect of COVID – 19 on the carrying amount of loan to related party and other assets and believes that the current COVID-19 scenario is not/will not materially impact the financial statement of the Company for the year ended on December 31, 2022. The Company will continue to monitor developments to identify significant uncertainties surrounding COVID-19 and its impact on performance of the Company for future periods.

NOTE P - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after December 31, 2022, through the date the financial statements were available to be issued. The Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.