

3 March, 2023

My Dear Share Owners,

In my first letter to you in the year 2023, I would like to share with you the Company's performance this year along with some key business highlights.

BUSINESS HIGHLIGHTS

● International Operations

- Contributed approximately 75% of global revenues for Q3FY23 and 9MFY23.

● India & Emerging Markets Business

- India and Emerging Markets contributed 46% of the global revenues in Q3FY23 and 44% in 9MFY23. India business stood at ₹175 crore in Q3FY23 compared to ₹158 crore in the previous year registering a growth of 11% and contributed approximately 25% of the global revenue in Q3FY23 and 9MFY23.
- Emerging Markets Business of the Company stood at ₹148 crore in Q3FY23 compared to ₹117 crore in Q2FY23 registering a growth of 27% and contributed about 21% of the global revenue in Q3FY23 and 19% in 9MFY23.

● Europe Business & UK

- Europe Operations (including France) contributed 41% of the Global Revenues in Q3FY23 and 43% in 9MFY23.

● UK Operations (including Pinewood's UK Business)

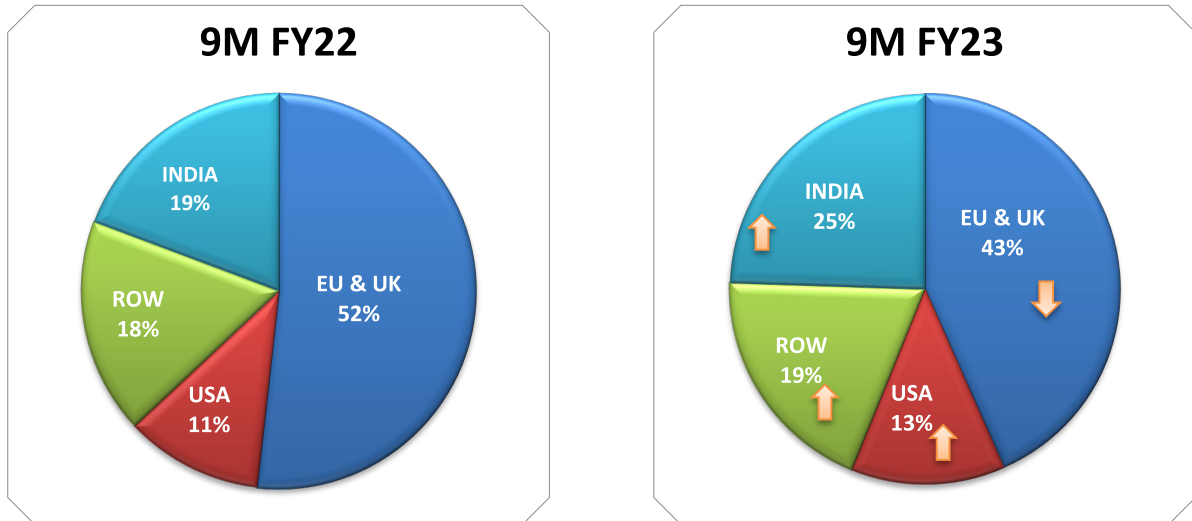
- UK revenues stood at ₹223 crore in Q3FY23 compared to ₹226 crore in Q2FY23. For 9MFY23 UK revenues stood at ₹645 crore contributing to 33% of the global revenues. Previous year includes revenue from UK vaccine business.
- Irish Business revenues also improved to ₹40 crore in Q3FY23 compared to ₹38 crore in Q2FY23.

● US Business

- US Business, which is under re-structuring contributed to 13% of the Global Revenues in Q3FY23 and 9MFY23.



SHARE OF GLOBAL REVENUES



PERFORMANCE HIGHLIGHTS

The Company's Board of Directors have approved the financial results for 3rd Quarter (October-December) of the Financial Year 2022-23.

Highlights of Consolidated Financial Statements

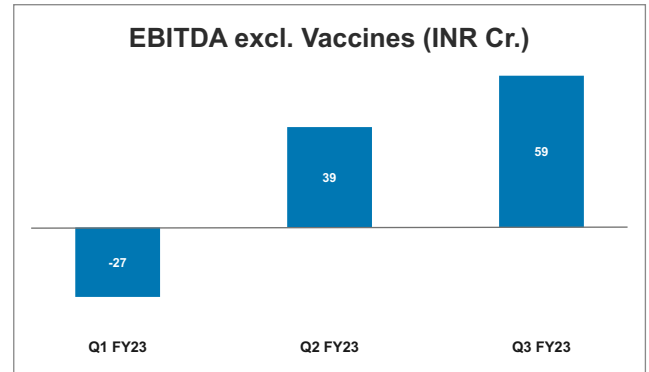
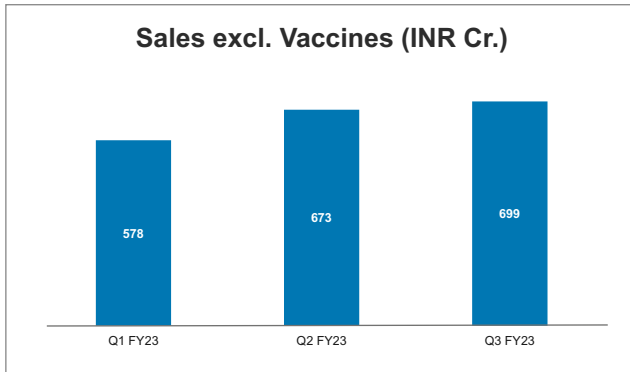
The Company recorded a Revenue of ₹699 crore in Q3FY23 compared to ₹ 679 crore in previous quarter registering a growth of 3%. EBITDA for the quarter is ₹59 crore as compared to ₹ 43 crore in Q2FY23 registering a growth of 37%. (The corresponding quarter of previous year includes revenue and profitability from COVID-19 Vaccines business in UK.)

Q3 (October-December) FY 2022-23

- ◆ Consolidated revenue for the quarter is ₹ 699 crore compared to ₹679 crore in the previous quarter registering a growth of 3%.
- ◆ EBITDA for the quarter is ₹59 crore as compared to ₹ 43 crore in Q2FY23 registering a growth of 37%.
- ◆ Company's R&D spend during the previous quarter was at ₹ 40 crore (6% of sales) and including capital expenditure is at 10.3% to sales for Q3FY23.



KEY PERFORMANCE PARAMETER



BUSINESS OUTLOOK

Wockhardt today is in the cusp of significant changes and a turnaround situation in the next 24 months.

- US Business:** We have completely restructured our US business as it was bleeding the company. We have shut down our manufacturing facility at Morton Grove near Chicago. We have used 80/20 formula to have few products with high margin manufactured by 3rd party which will continue to do business and we will save at least \$ 12 million in losses which we are currently incurring. However, we will continue to maintain our sales in the US as almost all products are now manufactured by 3rd party and we will have approximately 40% gross margin.
- Vaccine collaboration in UK:** We have concluded an agreement with Serum Institute for manufacturing vaccine in our UK facility. We have received £ 10 million as a contribution for reserving manufacturing facility for 150 million doses per annum of vaccine for 15 years. This is a joint venture arrangement with 51%/49 % majority in favour of Wockhardt. Serum has already shortlisted two vaccines for our site. We should be able to manufacture these products within the next 8 - 12 months after exhibit batches and regulatory approval. We are looking to partner with more such vaccine manufacturers in the near future.
- Antibiotic Research:** We have been committed for over last 20 years and invested significantly in our Antibiotic Research. Probably, we are the only company in the world to have comprehensive end to end drug discovery programme in Antibiotics. As you already know that we have 6 QIDP grants from US FDA which means that there is an unmet need for faster clinical trials and quicker approval process by USFDA.
 - EMROK:** We have already marketed two of our antibiotics, EMROK and EMROK O in India. We expect to receive approval in 8 emerging markets in the next 6-9 months.

- b. Jemincare collaboration of WCK 4873 in China: You are aware that we have already signed a licensing deal in China with Jemincare for WCK 4873 and already received first milestone from Jemincare.
- c. Phase III clinical study of WCK 4873: Our phase III Clinical Trial for WCK 4873 is getting concluded by September this year and we will be in Indian market sometime in 2024 after the approval by Drug Controller of India.
- d. WCK 5222: There are significant and major developments of our prime asset, WCK 5222.
- Increase in resistance: New report by CDC in US hospitals concluded that the resistance to infection on which WCK 5222 works has increased somewhere between 30-80% because of two years of COVID-19. This certainly increases potential for WCK 5222 even more.
 - Global Phase III: In August 2022, we have initiated WCK 5222 global clinical trials which is progressing well and we intend to complete Phase 3 Clinical Trial within next 15-18 months and would seek product approval thereafter in USA, Europe, China and India. We expect to market the product sometime in 2025.
 - Compassionate use: You will be happy and proud to know as an investor in Wockhardt that WCK 5222 has already saved 3 lives on compassionate use.

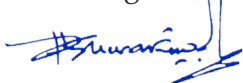
These were critical patients on ventilators for several weeks and used all new antibiotics available in India and globally. They were all cured and discharged from hospital on completion of treatment in 10 days as WCK 5222, being a beta lactam enhancer, a new class of antibiotic, works dramatically.
- e. Collaboration with NIH WCK 6777: National Institutes of Health (NIH), USA is conducting human Phase I clinical trial of MDR Gram-negative antibiotic WCK 6777 targeted for ambulatory settings. This vindicates NIH confidence in the novel once-a-day much needed outpatient-parenteral antimicrobial therapy for MDR infections in ambulatory settings.

These developments only provides a glimpse of the future of your Company. It is like the tip of an iceberg where you can see a very small portion with naked eyes while there is so much more strength and opportunities lying underneath.

For further details on the business updates of the Company, I encourage you to refer to the **Investor Presentation** and recording of the **Investor Call** conducted by us on 22nd February 2023, which can be accessed using the link: https://statutory.wockhardt.com/stock_exchange_disclosures.htm

We wish to thank each one of you for your continued support and confidence in Wockhardt. We continue to stay focused and build a strong business at Wockhardt as we solicit your unstinted support.

Warm Regards,



Dr. Habil Khorakiwala
Founder Chairman



WOCKHARDT IN THE NEWS!!

“Under-trial antibiotic use saves minor thalassemia patient's life”

- *Times of India, Feb-12, 2023*

Antibiotic resistance is emerging as a major public health challenge with growing resistance to superbugs of known antibiotics. An extremely drug-resistant E-coli infection that created a serious complication for a 12-year old child, right after undergoing a bone marrow transplant to cure thalassemia was treated by Wockhardt's under clinic-trial drug WCK 5222. The medicine worked and cured the child after 10 days of use. The drug's safety and efficacy has been proved in approximately 40 patients so far. The drug is currently under Phase-3 global trial and the company may apply for emergency use approval.

[Under-trial Antibiotic Use Saves Minor Thalassemia Patient's Life | Mumbai News - Times of India \(indiatimes.com\)](https://www.indiatimes.com/Health/Under-trial-Antibiotic-Use-Saves-Minor-Thalassemia-Patient's-Life-|_Mumbai-News_-Times-of-India_7131061.html)

“A Game-Changer: India's Under-Trial Drug Shows Promise Against Hospital Superbugs”

- *News18.com, Feb-21, 2023*

Over a million people lose their lives due to antibiotic resistant superbugs every year. WCK 5222 has been a lifesaving drug for these fatal infections caused by superbugs. Considering its efficacy and safety profile in Phase 1, the Drug Controller General of India (DCGI) approved the under-trial drug for 'compassionate-use' last September. Since then, it has helped save lives of three patients suffering from life-threatening antibiotic resistant infections in Lucknow, Chennai and most recently Hyderabad. After over a decade of research work, the Phase-3 trial of the drug is now underway in Europe with at least 70 people already enrolled.

<https://www.news18.com/news/india/a-game-changer-indias-under-trial-drug-shows-promise-against-hospital-superbugs-7131061.html>

“Wockhardt shares gain most in four months after positive commentary in analyst meet”

- *CNBCTV18, Feb-22, 2023*

Shares of Wockhardt Ltd. are up as much as 5 percent on Wednesday, 22nd February after the company shared positive commentary during its analyst meet.

<https://www.cnbctv18.com/business/companies/wockhardt-analyst-meet-us-restructuring-wck-5222-antibiotics-serum-institute-tie-up-16001471.htm>

“Wockhardt to restructure US business to save \$12 million per year, sees debt pare down”

- *Moneycontrol, Feb-22, 2023*

The company in it's investor call made multiple announcements which had a positive impact on the company's shares. The company announced that plans to restructure the United States business to shave off \$12 million of annual expenses, that entails shutting down the company's manufacturing facility at Morton Grove (MGP Chicago – Illinois, US), and handing off the manufacturing of a few high-margin products to third parties. Additionally, the company has reduced it's debt from ₹1,287 crore in FY21 to ₹608 crore in December, 2022. With these developments, at 11 am, the stock was quoting at ₹199.55 apiece on the NSE, higher by 3.5 percent amid heavy volumes. This has been the best intraday gain for the stock in four months.

<https://www.moneycontrol.com/news/business/stocks/wockhardt-to-restructure-us-business-to-save-12-million-per-year-sees-debt-pare-down-10139601.html>