

Report of the statutory auditor

to the General Meeting of

Wockhardt Bio AG, Zug

Report on the audit of the financial statements

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Opinion

We have audited the financial statements of Wockhardt Bio AG (the Company), which comprise the statement of financial position as at 31 March 2023, the statement of income for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and 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 provisions of Swiss law and the requirements of the Swiss audit profession, 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.

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.

Key audit matter	How our audit addressed the key audit matter
<p>Capitalisation and Recoverability of development costs</p> <p>The company has capitalised external and internal development costs of CHF 158.8 million (py: CHF 145.2 million) as intangible assets under development. The main part of it relates to six New Chemical Entities (NCE's), which received Qualified Infectious Disease Product (QIDP) status from the US Food and Drug Administration (US FDA), in various stages of development.</p> <p>Due to the material amount and the significant level of judgement and estimates involved by management in assessing recoverability of such capitalised costs, we consider this to be a key audit matter.</p> <p>We refer to note 3 to the financial statements for further information on the capitalisation of development costs.</p>	<p>We tested whether the capitalised costs met all the criteria for capitalization set out in the accounting standards. Therefore, we reconciled on a sample basis the additional capitalised costs for the period to the underlying invoices and supporting documents.</p> <p>We gained an understanding of the status of the NCE development by review of correspondence with authorities (e.g. FDA) and other third Parties, company releases to the market, scientific documentation and interview of management.</p> <p>We challenged management's assessment of the future sales related to the NCE's and the recoverability of the capitalised costs.</p> <p>Furthermore, we have assessed the adequacy of the disclosures relating to capitalisation of development costs in the notes.</p>
<p>Recoverability of investments</p> <p>The total carrying amount of investments amounts to CHF 141.4 million (py: CHF 141.4 million). Valuation is based on historical cost less any necessary adjustment for impairment.</p> <p>The company prepared impairment tests for material investments in subsidiaries based on discounted cash flow calculations. This includes considerable estimates and judgment with respect to the assumptions about the future results of the business and the discount rate applied to future cash flows.</p> <p>Due to materiality aspects and the high level of estimates and judgement involved in the impairment assessment performed by the management, we consider the valuation of investments a key audit matter.</p> <p>We refer to note 9 to the financial statements for further information on the valuation of investments in subsidiaries</p>	<p>We gained an understanding of how management assessed the need for any impairment adjustments.</p> <p>We challenged management's assumptions of the future revenue, the long-term growth rates and the discount rate applied in their discounted cash-flow calculations.</p> <p>We compared the amounts in the discounted cash flow calculation to the business plan and reviewed the arithmetic accuracy.</p> <p>We compared the carrying amount of the investments to the recoverable amount, which is based on the discounted cash-flow calculations.</p>

Other matter

The financial statements for the year ended 31 March 2022 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 7 July 2022.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and our auditor's reports 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 in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors 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 Board of Directors 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 the Board of Directors either intends 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 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 Swiss law and SA-CH 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/auditreport-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and statutory requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Furthermore, we confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Lucerne, 27 June 2023

uma/TLA

Balmer-Etienne AG

Urs Matter
Licensed audit expert
(Auditor in charge)

Tu'uyen Maria Lang
Licensed audit expert

Financial statements 2022/23

Balance Sheet as per March 31,	2023	2022
	CHF	CHF
Current assets		
Cash and bank balances	2 192 148	6 026 016
Short Term Deposits with Banks	61 833	62 237
Prepayments - third parties	2 425 373	280 911
Advances - shareholders	5 161 222	91 242 286
Advances - subsidiaries	2 820 608	2 802 371
Accounts receivable - third parties	5 938 431	7 645 621
Accounts receivable - shareholders	15 355 202	18 469 015
Accounts receivable - subsidiaries	68 901 328	55 049 980
Receivable VAT	-	588 860
Other receivables	27 005	348 867
Inventories	1 539 356	7 207 089
	<u>104 422 506</u>	<u>189 723 253</u>
Total current assets		
Fixed assets		
Investments - subsidiaries	141 477 963	141 477 963
	<u>141 477 964</u>	<u>141 477 963</u>
Tangible assets	118 315	119 088
Accumulated depreciation	-110 195	-105 911
Tangible assets net	<u>8 120</u>	<u>13 177</u>
Capitalized Work in Progress	33 860 017	33 889 434
Licences and trade marks	35 296 019	37 771 298
Accumulated amortisation	-33 796 674	-36 408 486
Licences and trade marks net	<u>1 499 344</u>	<u>1 362 812</u>
Intangible assets under development	<u>158 837 198</u>	<u>145 244 375</u>
	<u>335 682 644</u>	<u>321 987 761</u>
Total fixed assets		
Total assets	<u>440 105 150</u>	<u>511 711 014</u>

Balance Sheet as per March 31,	2023	2022
	CHF	CHF
Liabilities		
Accounts payable - third parties	16 070 000	28 207 656
Accounts payable - shareholders	33 103 826	117 428 518
Accounts payable - subsidiaries	129 063 635	85 717 214
Advances from customers	154 756	167 373
Payable VAT	893 730	0
Loans - group companies	5 036 439	5 224 398
Accrued expenses	5 622 772	9 136 667
Deferred Revenue	9 799 302	2 770 208
Accrued taxes	266 590	312 365
<i>Total short term liabilities</i>	<u>200 011 050</u>	<u>248 964 399</u>
Loan - third party - interest bearing	-	-
<i>Total long term liabilities</i>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>200 011 050</u>	<u>248 964 399</u>
Share capital	51 948 000	51 948 000
Statutory Capital Reserves		
Capital contribution reserve	1 696 502	1 696 502
Other Capital Reserves	1 691 757	1 691 757
	<u>3 388 259</u>	<u>3 388 259</u>
Statutory retained earnings		
General Reserves	23 474 000	23 474 000
Currency translation adjustments	19 774 066	19 713 453
Profit carried forward	164 222 903	251 468 410
Profit/(Loss) of the year	-22 713 128	-87 245 507
Retained earnings	<u>141 509 774</u>	<u>164 222 903</u>
<i>Total shareholders' equity</i>	<u>240 094 100</u>	<u>262 746 615</u>
<i>Total liabilities and shareholders' equity</i>	<u>440 105 150</u>	<u>511 711 014</u>

Income statement	2022/23	2021/22
	CHF	CHF
Revenues		
Sales export	103 497 968	91 944 403
Other operating income	5 619 095	29 829 643
Fee for service/Royalty paid	-1 936 904	-1 875 353
Bad debts	-144 231	-73 388
<i>Total revenues</i>	<u>107 035 929</u>	<u>119 825 305</u>
Operating expenses		
Cost of goods, materials and freight sold	106 345 499	108 133 546
Cost of purchase of ANDA rights	0	0
Selling and distribution expenses	2 949 399	2 376 270
Export costs	215 832	95 576
Employee costs	1 688 487	1 903 898
Repairs and maintenance	-	839
Insurance	522 810	599 858
Research and development costs	4 439 931	24 532 164
Legal and consultancy costs	919 386	1 467 740
Trade mark costs	63 571	79 295
Management fees	470 144	442 454
Travel expenses	109 659	39 403
Other operating expenses	9 276 383	8 227 174
<i>Total operating expenses</i>	<u>127 001 102</u>	<u>147 898 217</u>
<i>Net profit / (loss) from operations</i>	<u>-19 965 173</u>	<u>-28 072 912</u>
Depreciation and valuation adjustments on fixed assets		
Depreciation	818 516	2 351 075
Impairment on licences and trade marks	0	78 808
Impairment of inter-company loans	-	48 032 303
Impairment of investments on subsidiaries	-	2 231 666
<i>Total depreciation and valuation adjustments on fixed assets</i>	<u>818 516</u>	<u>52 693 852</u>
<i>Net profit / (loss) after depreciation and valuation adjustment</i>	<u>-20 783 689</u>	<u>-80 766 764</u>
Financial Income/Expenses		
<i>Financial income</i>		
Interest income - third party	0	1 896
Interest income - subsidiaries	0	823 075
Exchange gains	411 155	0
<i>Total financial income</i>	<u>411 155</u>	<u>824 971</u>
<i>Financial expenses</i>		
Interest charges - third party	14 504	1 958 207
Interest and guarantee charges - shareholders	0	409 776
Interest charges - group companies	1 805 258	2 045 641
Bank charges	165 472	392 343
Exchange losses	15 304	1 830 818
<i>Total financial expenses</i>	<u>2 000 538</u>	<u>6 636 785</u>
<i>Total financial result</i>	<u>-1 589 383</u>	<u>-5 811 814</u>
<i>Net Profit/(loss) for the year before tax</i>	<u>-22 373 072</u>	<u>-86 578 578</u>
Direct taxes	-340 057	-666 929
<i>Profit/ (Loss) of the year</i>	<u>-22 713 128</u>	<u>-87 245 507</u>

Notes to the financial statements for the year ended March 31,	2023	2022
	CHF	CHF

1 General Information

These financial statements of Wockhardt Bio AG, Grafenauweg 6, CH-6300 Zug were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

2 Functional currency

Wockhardt Bio AG accounting currency is USD. The Income Statement has been translated into CHF at the annual average rate. The Balance Sheet has been translated into CHF at year end rate with the exception of investments and shareholders' equity, which are translated at historical rates. Currency conversion differences resulting from the translation of the financial statements are recognized in Equity and are shown under the heading Currency translation adjustments. Accordingly in the current year currency conversion gain of CHF 19.77 Mn has been presented under Equity under the heading Currency translation adjustments like prior year currency conversion gain of CHF 19.71 Mn.

Company used the following exchange rates for translating financials in CHF from USD :

Average rate - CHF/USD : 1.04

Closing rate - CHF/USD : 1.09

3 Development Expenses on QIDP status products

The Company's New chemical Entity ("NCE") clinical development programme continued to get a major boost during the Financial Year 2022-23 :

WCK 771/ 2349 : After approval received from DCGI both the products have been launched in India and is being sold regularly. Our regulatory team is working on its filing in other emerging markets.

WCK 5222: The recruitment in the phase III study is ongoing and till date 112 patients have been enrolled. Study is estimated to get completed by Q3 2024 and marketing application will be filed in Q4 2024.

WCK 4873: Phase III study in community acquired bacterial pneumonia (CABP) in India has been progressing well. Currently 464 patients (about 95% of the study target) have been randomized. Study is estimated to be completed by early Q4 2023 and marketing application will be filed in early Q1 2024.

WCK 4282: Global development of WCK 4282 is currently on hold. We have got very valuable feedback from the Key Opinion Leaders in India about the unmet need of a product such as WCK 4282 considering the antimicrobial resistance scenario and accordingly the current business strategy is to focus on initiating the India specific Phase 3 study of WCK 4282.

WCK 6777: NIH has informed us that the technical issues around Ertapenem stability in human plasma has been resolved. As per the revised dosing plan, the dosing of first cohort for WCK 6777 is slated for third week of April 2023

The clinical development expenses on the NCE development programme for the year amounting to USD 14.85 Mn (CHF 14.15 Mn) prior year USD 18.93 Mn (CHF 17.36 Mn) pertaining to Company's NCE, and the amount has been capitalised during the year and included

4 Fixed assets, depreciation / amortization and impairment

Tangible assets:

Fixed assets are stated at cost less accumulated depreciation/amortization and impairment loss if any. The Company capitalizes all costs relating to the acquisition and installation of fixed assets.

The carrying amounts of fixed assets and intangible assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amount.

Intangible assets:

Intangible assets are amortized over a period of 3 - 15 years, which are based on their useful lives.

The intellectual Property Rights, Brands and Product Licenses are generally depreciated over a period of 10 years, however wherever the useful life is less than 10 years the depreciation period is reduced accordingly.

Notes to the financial statements for the year ended March 31,

2023

2022

5 Inventories

CHF

CHF

All inventories are valued at moving weighted average price other than finished goods, which are valued on quarterly moving average price. Finished goods and Work in progress is computed based on respective moving weighted average price of procured materials and appropriate share of labour and other manufacturing overheads.

Inventories are valued at cost or net realizable value, whichever is lower. Cost also includes all charges incurred for bringing the inventories to their present location and condition. Duties accrued on production or import of goods, as applicable, is included in the valuation of finished goods.

Inventories of stores and spare parts are valued at cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

6 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with dispatch of goods to customers. Revenues are recorded at invoice value, net of value added tax (VAT)/duties, returns and trade discounts.

Sale of Services

Revenues from services are recognized on completion of rendering of services.

Royalties

Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreement.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

7 Lease Obligations**Residual amount of leasing obligations**

The maturity of leasing obligations which have a residual term of more than twelve months or which cannot be canceled within the next twelve months is as follows :

Up to 1 year	342 027	337 759
1-5 years	1 273 226	681 093
More than 5 years*	357 713	374 272
Total Lease obligations	1 972 966	1 393 124

*Lease obligations considered until Feb 2030.

8 Head Count

The number of full time positions in the company on an annual average has been less than 50 (Previous year less than 50).

9 Investments

Valuation is based on historical cost less any necessary adjustment for impairment.

CP Pharma (Schweiz) AG

Incorporated in Switzerland

250 Registered shares of CHF 1'000.00

100% share in capital and voting rights

1

1

Wockhardt Bio (R) LLC.

Incorporated in Russia on 25th August 2015

5'150'000 Registered shares of Russian Roubles 1.00 each

100% share in capital and voting rights

83 491

83 491

Wockhardt Farmaceutica SA DE CV

Incorporated in Mexico

36'867'236 Ordinary shares of MXN 1.00

100% share in capital and voting rights

1

1

Wockhardt Services S.A. DE C.V.

Incorporated in Mexico

50'000 Ordinary shares of MXN 1.00

100% share in capital and voting rights

1

1

Notes to the financial statements for the year ended March 31,

2023

2022

	CHF	CHF
Wockhardt France (Holding) S.A.S. Incorporated in France 601'000 Registered shares of EUR 100 100% share in capital and voting rights	1	1
Wockhardt Holding Corp. Incorporated in Delaware, USA 1'100 shares of Common Stock of USD 1.00 100% share in capital and voting rights	30 295 509	30 295 509
Wockhardt UK Limited Incorporated in the United Kingdom 50'000 Ordinary shares of GBP 1.00 100% share in capital and voting rights	123 508	123 508
Pinewood Healthcare Limited Incorporated in the United Kingdom 100'000 Ordinary shares of GBP 1.00 100% share in capital and voting rights	1	1
CP Pharmaceuticals Limited Incorporated in the United Kingdom 1'862'549 Ordinary A shares of GBP 1.00 570'000 Ordinary shares of GBP 1.00 100% share in capital and voting rights	11 013 787 3 370 574	11 013 787 3 370 574
Wockpharma Ireland Limited Incorporated in the Republic of Ireland 10'001'000 Ordinary shares of EUR 1.00 50'000'000 Cumulative Redeemable Preference shares of EUR 1.00 each 100% share in capital and voting rights	16 098 630 80 485 000	16 098 630 80 485 000
Z & Z Service GmbH Incorporated in Germany Nominal capital EUR 25'000.00 100% share in capital and voting rights	1	1
Wockhardt Bio Pty. Ltd. Incorporated in Australia Nominal Capital AUD 10'000 100% share in capital and voting rights	7 459	7 459

Besides the above Wockhardt Bio Ltd. has been incorporated in New Zealand on 11th November, 2015 with an objective of trading, manufacturing, selling and marketing. Wockhardt Bio Ltd., New Zealand is yet to commence the business.

10 Loan & pledged assets

The company paid the term loan during the previous financial year.

As per financial year-end there were open guarantees and bid-/performance bonds by Credit Suisse to third parties secured by a general deed of pledge in the amount of CHF 0.26 Mn (Previous Year CHF 0.32 Mn).

11 Board of Directors and executive management shareholdings

As of 31 March members of the non-executive and executive boards held the following shares. No Wockhardt Bio AG share options were held.

	Shares	Shares
Ajay Sahni Dr. Habil F.Khorakiwala	25 308	25 308
Managing Director Shareholder and Chairman of the board of directors of Wockhardt Ltd., India	5 000 000	5 000 000

Last trading price at BX-Swiss on 29.08.2022 was CHF 1.60
(Previous year last traded price was CHF 1.31 on 22.02.2022).

Mr. Shekhar Datta was reappointed as Chairman of the Board of Directors on 26.09.2022 until next ordinary general meeting of shareholders.
Mr. Ravindra K. Limayae and Mr. Ajay Sahni were also reappointed on Board of Directors with effect from 26.09.2022 until next ordinary general meeting of shareholders.

Notes to the financial statements for the year ended March 31,		2023	2022
		CHF	CHF
12 Significant shareholders			
Wockhardt Ltd, Mumbai	Number of shares	44 600 000	44 600 000
	Capital and vote share	85.9%	85.9%
Dr. Habil F.Khorakiwala	Number of shares	5 000 000	5 000 000
	Capital and vote share	9.6%	9.6%

Dr. Habil F. Khorakiwala is the Chairman of the Board of directors of Wockhardt Ltd.
Therefore, he collectively could influence the vote share of 95.48% of Wockhardt Bio AG.

13 Capitalisation of Borrowing Costs

Borrowing costs directly attributable to acquisition of qualifying assets have been capitalized. Borrowing costs amounting to USD nil , prior year USD 1.47 Mn (CHF 1.35 Mn) have been capitalized, of which USD nil, prior year USD 1.19 Mn (CHF 1.09 Mn) is included under 'Intangible Assets under Development' and USD nil, prior year USD 0.28 Mn (CHF 0.26 Mn), is included under 'Capitalized work in Progress' as at 31st March, 2023.

14 Other operating income

Profit from sale of assets includes USD 5.89 Mn (CHF 5.61 Mn) towards transfer of marketing authorisation for territory/product out-licensing rights to 3rd parties and Wockhardt Ltd. (USD 0.38 Mn), vis a vis prior year USD 32.52 Mn (CHF 29.83 Mn) gain on novation of assets/transfer of marketing authorisation for territory/product out-licensing rights to Wockhardt Limited.

15 Capitalized Work in Progress

Capitalized Work in Progress essentially represent the expenses incurred on setting up a new Manufacturing facility for supply of pharmaceutical products to company's markets in US, Europe & Emerging Markets. The plant is expected to be operational in the FY 2025-26.

16 Subsequent events

The Board of Directors of the Company has decided to propose to its shareholders to approve de-listing of all 51,948,000 bearer shares with a nominal value of CHF 1.00 each of the Company from BX Swiss AG. As per the prevailing Swiss stock corporation law, de-listing of shares requires a resolution of the general meeting of shareholders passed by at least two thirds of the votes represented and majority of the par value of shares represented. Therefore, Board of Directors has invited shareholders to an extraordinary general meeting on 30th June 2023, with the agenda item de-listing of the shares of the company from BX Swiss, which the Board of the Company proposes its shareholders to approve.

Proposed appropriation of available earnings

31.03.2023 31.03.2022

CHF CHF

Proposed appropriation of available earnings

Profit carried forward	164 222 903	251 468 410
Profit / (Loss) of the year	-22 713 128	-87 245 507

Available earnings

141 509 775 164 222 903

The Board of Directors proposes to the shareholders at the Annual General Meeting the following allocation :

Balance to be carried forward	141 509 775	164 222 903
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Total

141 509 775 164 222 903