

**Press Release**

## Solara reports a healthy performance in FY23, 14% YoY Revenue growth and 63% YoY EBITDA growth in FY23

- ⇒ **FY 23 Revenues at ₹14,663m up 14% YoY; EBITDA at ₹1,507m up 63% YoY;**
- ⇒ **Q4'23 Revenues stood at ₹3,853m**
- ⇒ **Gross margins at 50.3% in Q4'23 versus 47.3% in Q3'23; QoQ Improvement in Gross margins by 300 bps**
- ⇒ **Reported EBITDA at ₹515m, EBITDA margins at 13.4%; QoQ Improvement in EBITDA margins by 70 bps**
- ⇒ **Reduction in under-recoveries at Vizag**

**Bengaluru, India – May 12, 2023:** Solara Active Pharma Sciences Ltd (Solara) (NSE: SOLARA; BSE: 541540), a leading Active Pharmaceutical Ingredient / CRAMS company, today announced the financial results for the fourth quarter (Q4'23)

### Financial Performance for Q4'23

Particulars (INR m)	Q4'23	Q3'23	Q4'22	QoQ%	YoY%	FY23	FY22	YoY%
<b>Revenue</b>	<b>3,853</b>	<b>4,019</b>	<b>3,669</b>	<b>-4%</b>	<b>5%</b>	<b>14,663</b>	<b>12,884</b>	<b>14%</b>
Gross margins	1,939	1,902	1,295	2%	50%	6,743	6,237	8%
Gross margins %	50.3%	47.3%	35.3%			46.0%	48.4%	
<b>Operating EBITDA</b>	<b>705</b>	<b>710</b>	<b>404</b>	<b>-</b>	<b>75%</b>	<b>2,268</b>	<b>2,045</b>	<b>11%</b>
Operating EBITDA %	18.3%	17.6%	11.0%			15.5%	15.9%	
<b>EBITDA</b>	<b>515</b>	<b>510</b>	<b>176</b>	<b>1%</b>	<b>192%</b>	<b>1,507</b>	<b>922</b>	<b>63%</b>
EBITDA Margins %	13.4%	12.7%	4.8%			10.3%	7.2%	

Commenting on the financial performance, **Jitesh Devendra, MD of the Company**, remarked, *“We are delighted to conclude fiscal year 23 on a positive note, having accomplished many of the goals we set for ourselves at the beginning of the year. The prior fiscal year (FY22) was a difficult one for the company, prompting the board to make several important decisions to ensure Solara returns to positive growth territory with sustained profitability. We had set forth key strategic priorities, which included resetting and concentrating the base business, restoring R&D velocity, addressing under-recoveries at our newly commissioned Vizag site, and expanding into new products and geographies.*

*I am pleased to report that we are trending positively toward a broad range of outcomes, and our performance in FY23, particularly the second half, is indicative of the company's efforts to rebound. Additionally, to the FY23 results, we have made major strides toward founding a strong base, yielding even greater future performance as we keep expanding.*

*As we enter FY24, we are extremely optimistic about the business's prospects. We are confident that Solara will have another successful year. We remain committed to delivering value and thank our investors for their continued support.”*

Commenting on the financial performance, **Poorvank Purohit, CEO of the Company**, remarked *“I am delighted to join Solara and be part of Solara's 3.0 growth journey. These improved financial results are a testament to the hard*

work and dedication of our employees and the strength of our product portfolio. Moving forward, we will continue to focus on outcomes that deliver value to all our stakeholders. The second half of Fiscal year 2023 has brought in more confidence in the fundamentals of the business. Our margins have risen, and we are working towards building new opportunities for sustainable growth.”

**More details are included in the attached investor presentation.**

### EBITDA Reconciliation

Particulars (INR m)	Q4'23	Q3'23	Q4'22	FY23	FY22
Profit/(loss) before exceptional items and tax	50	6	(297)	(448)	(876)
Add : Finance costs	220	236	215	901	753
Add: Depreciation and amortisation expense	264	280	278	1,112	1,123
Less: Interest income	(19)	(12)	(20)	(58)	(78)
<b>Consolidated Reported EBITDA as per press release</b>	<b>515</b>	<b>510</b>	<b>176</b>	<b>1,507</b>	<b>922</b>

### Earnings Conference Call

The Company will conduct earnings call at **3.30 PM IST on May 12, 2023**, where the Management will discuss the Company's performance and answer questions from participants. To participate in this conference call, please dial the below numbers ten minutes ahead of the scheduled start time. The dial-in numbers for this call are **+91 22 6280 1346** or **+91 22 7115 8247**. Please note that the conference call transcript will be uploaded on the Company website in due course.

### About Solara

Solara Active Pharma Sciences Ltd (BSE-541540, NSE-SOLARA), headquartered in Bengaluru, India, offers a basket of diversified, high-value Commercial APIs and Contract manufacturing services in over 70 countries. It has a manufacturing base comprising six globally compliant API facilities, with approvals including the USFDA, EU GMP, and PMDA in Japan.

#### Investor / Analyst contact

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#### Statutory and corporate affairs

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**Raghavan. V**

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*Disclaimer: Certain statements in this document are not historical facts and are forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political, or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Solara Active Pharma Sciences Ltd will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

# Solara reports a healthy performance in FY23, returns to YoY growth

Q4'23 Earnings Update | May 12, 2023



Staying Focused.  
**Rebuilding Resilience.**

*Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.*

# Solara demonstrates a healthy recovery in FY23; reports a consistent overall performance in Q4'23



## Growth

### Base Business

- Strong growth momentum in Q4'23 for the base products over previous quarters
- CDE China's approval for Ibuprofen DMF received

### R&D

- ▶ Filed 5 USDMFs in FY23.
- ▶ 12 market extensions were done for Fifteen existing products during FY23.

### Vizag Business

- CEP approval to manufacture Ibuprofen received for the site
- The facility received USFDA approval
- Manufacturing of intermediates and final API started in Q3'23
- Reduction in under-recovery in Q4'23 compared with previous quarters
- Filed 3 out of 5 new USDMFs from Vizag



## Profitability

- **Gross margins at 50.3%**; QoQ Improvement in GM by 300 bps
- **Operating EBITDA at ₹ 705 Mn**; Operating EBITDA margins improved by 70 bps
- **EBITDA at ₹ 515 Mn**; **EBITDA margins at 13.4%**;
- QoQ Improvement in EBITDA margins by 70 bps
- Achieved PAT of ₹ **38 Mn** in Q4'23



## Cashflows

- Net Current Assets **reduction** by ₹ **576 Mn** in FY23
- Gross debt at ₹ **10,012 Mn**
- Gross debt has **reduced** by ₹ **234 Mn** during FY23

# Q4'23 performance led to YoY expansion in absolute EBITDA

## Performance with Vizag (₹ In Million)

Particulars	Q4'23	Q3'23	Q4'22	QoQ%	YoY%
<b>Revenue</b>	<b>3,853</b>	<b>4,019</b>	<b>3,669</b>	<b>-4%</b>	<b>5%</b>
Gross margins	1,939	1,902	1,295	2%	50%
Gross margins %	50.3%	47.3%	35.3%	300 bps	1500 bps
<b>EBITDA</b>	<b>515</b>	<b>510</b>	<b>176</b>	<b>1%</b>	<b>192%</b>
EBITDA Margins %	13.4%	12.7%	4.8%	70 bps	730 bps
<b>PAT</b>	<b>38</b>	<b>4</b>	<b>18</b>		

## Performance Ex- Vizag (₹ In Million)

Particulars	Q4'23	Q3'23	Q4'22	QoQ%	YoY%
<b>Revenue</b>	<b>3,707</b>	<b>3,947</b>	<b>3,669</b>	<b>-6%</b>	<b>1%</b>
Gross margins	1,849	1,864	1,295	-1%	43%
Gross margins %	49.9%	47.2%	35.3%	266 bps	1458 bps
<b>EBITDA</b>	<b>603</b>	<b>615</b>	<b>285</b>	<b>-2%</b>	<b>111%</b>
EBITDA Margins %	16.3%	15.6%	7.8%	-67 bps	848 bps
<b>PAT</b>	<b>125</b>	<b>109</b>	<b>127</b>		



**Jitesh Devendra,**  
Managing Director

We are delighted to conclude fiscal year 23 on a positive note, having accomplished many of the goals we set for ourselves at the beginning of the year. The prior fiscal year (FY22) was a difficult one for the company, prompting the board to make several important decisions to ensure Solara returns to positive growth territory with sustained profitability. We had set forth key strategic priorities, which included resetting and concentrating the base business, restoring R&D velocity, addressing under-recoveries at our newly commissioned Vizag site, and expanding into new products and geographies.

I am pleased to report that we are trending positively toward a broad range of outcomes, and our performance in FY23, particularly the second half, is indicative of the company's efforts to rebound. Additionally, to the FY23 results, we have made major strides toward founding a strong base, yielding even greater future performance as we keep expanding.

As we enter FY24, we are extremely optimistic about the business's prospects. We are confident that Solara will have another successful year. We remain committed to delivering value and thank our investors for their continued support.

**Poorvank Purohit**  
CEO



I am delighted to join Solara and be part of Solara's 3.0 growth journey. These improved financial results are a testament to the hard work and dedication of our employees and the strength of our product portfolio. Moving forward, we will continue to focus on outcomes that deliver value to all our stakeholders. The second half of Fiscal year 2023 has brought in more confidence in the fundamentals of the business. Our margins have risen, and we are working towards building new opportunities for sustainable growth.

## QoQ Performance (₹ In Million)

Particulars	Q4'23	Q3'23	Change
<b>Revenue</b>	<b>3,853</b>	<b>4,019</b>	<b>-4%</b>
Gross margins	1,939	1,902	2%
Gross margins %	50.3%	47.3%	300 bps
<b>Operating EBITDA</b>	<b>705</b>	<b>710</b>	<b>-</b>
Operating EBITDA Margins	18.3%	17.6%	70 bps
R&D Cost	(103)	(95)	
Under recovery – Vizag	(87)	(105)	
<b>EBITDA</b>	<b>515</b>	<b>510</b>	<b>1%</b>
EBITDA Margins	13.4%	12.7%	70 bps
<b>PAT</b>	<b>38</b>	<b>4</b>	
Basic EPS (₹/Share)	1.05	0.12	

## YoY Performance (₹ In Million)

Particulars	Q4'23	Q4'22	Change
<b>Revenue</b>	<b>3,853</b>	<b>3,669</b>	<b>5%</b>
Gross margins	1,939	1,295	50%
Gross margins %	50.3%	35.3%	
<b>Operating EBITDA</b>	<b>705</b>	<b>404</b>	<b>75%</b>
Operating EBITDA Margins	18.3%	11.0%	
R&D Cost	(103)	(119)	
Under recovery - Vizag	(87)	(109)	
<b>EBITDA</b>	<b>515</b>	<b>176</b>	<b>192%</b>
EBITDA Margins	13.4%	4.8%	
<b>PAT</b>	<b>38</b>	<b>18</b>	<b>108%</b>
Basic EPS (₹/Share)	1.05	0.53	

Key Business Metrics

### Base Business growth & profits are revived

- ▶ Regulated markets revenues at 72% of Q4'23 revenues (vs. 63% in Q4'22 and 72% in Q3'23)
- ▶ Increase in demand for Ibuprofen derivatives and other new products; New products accounted for 14% of Q4'23 revenues.
- ▶ CRAMS revenue at 5% of Q4'23 revenues;
- ▶ Continued focus on Operating cost reduction, continuous improvement program (CIP), and inventory management

### R&D velocity enhanced for the future growth

- ▶ Re-initiated stronger focus on R&D and added 15+ new programs for the year;
- ▶ Filed 3 new USDMFs in Q4'23, taking the total filings in FY23 to five.
- ▶ 3 market extensions were done for three existing products during Q4'23.
- ▶ 3 market extension approvals were received in Q4'23.

### Vizag is up and commercializing planned APIs

- ▶ Reduction in under-recoveries of ₹ 18 million in Q4'23
- ▶ USFDA approval received in Q4'23

# FY23 performance led to 14% revenue uptick with 63% growth in absolute EBITDA

FY23 Performance (₹ In Million)

Particulars	FY23	FY22	Change
<b>Revenue</b>	<b>14,663</b>	<b>12,884</b>	<b>14%</b>
Gross margins	6,743	6,237	8%
Gross margins %	46.0%	48.4%	
<b>Operating EBITDA</b>	<b>2,268</b>	<b>2,045</b>	<b>11%</b>
Operating EBITDA Margins	15.5%	15.9%	
R&D Cost	(370)	(538)	
Under recovery – Vizag	(391)	(585)	
<b>EBITDA</b>	<b>1,507</b>	<b>922</b>	<b>63%</b>
EBITDA Margins	10.3%	7.2%	312 bps
<b>PAT</b>	<b>(222)</b>	<b>(582)</b>	

Key Business Metrics

**Base Business growth & profits are revived**

- ▶ Regulated markets revenues at 70% of FY23 revenues (vs. 62% in FY22)
- ▶ New products accounted for 14% of FY23 revenues
- ▶ CRAMS revenue at 5% of FY'23 revenues;

**R&D velocity enhanced for the future growth**

- ▶ Filed 5 USDMFs in FY23.
- ▶ 12 market extensions were done for Fifteen existing products during FY23.
- ▶ 10 market extension approvals were obtained in FY23.

**Vizag is up and commercializing planned APIs**

- ▶ Vizag site started manufacturing intermediates and final API from Q3'23 onwards, reducing under-recoveries at Vizag.
- ▶ Reduction in under-recoveries of ₹ 194 million in FY23
- ▶ CEP approval to manufacture Ibuprofen from the facility has been received
- ▶ USFDA approval received in Q4'23



(₹ In Million)

Core Business  
(Ex-Vizag)

Particulars	Q1'23	Q2'23	Q3'23	Q4'23	FY23
Revenue	3,371	3,421	3,947	3,707	14,446
EBITDA	355	500	709	705	2,268
EBITDA %	10.5%	14.6%	18.0%	19.0%	15.7%
Profit After Tax	127	218	321	333	999

R&D  
Investments

Particulars	Q1'23	Q2'23	Q3'23	Q4'23	FY23
Revenue	-	-	-	-	-
EBITDA	-80	-94	-94	-102	-370
EBITDA %	-	-	-	-	-
Profit After Tax	-111	-127	-126	-114	-478

Vizag led  
business

Particulars	Q1'23	Q2'23	Q3'23	Q4'23	FY23
Revenue	-	-	72	146	218
EBITDA	-94	-105	-105	-87	-391
EBITDA %	-	-	-	-	-
Profit After Tax	-181	-190	-192	-181	-744

Total Solara  
business

Particulars	Q1'23	Q2'23	Q3'23	Q4'23	FY23
Revenue	3,371	3,421	4,019	3,853	14,663
EBITDA	181	301	510	515	1507
EBITDA %	5.4%	8.8%	12.7%	13.4%	10.3%
Profit After Tax	-165	-99	3	38	-222

Core Business:

- ▶ Q4'23 EBITDA at ₹ 705 million with 19% margins

R&D Investments:

- ▶ R&D cost at ₹ 102 million in Q4'23
- ▶ Filed 5 USDMFs in FY23

Vizag Under Recoveries:

- ▶ Under recoveries of ₹ 87 million in Q4'23, a reduction of ₹ 18 million from ₹ 105 million in Q3'23.
- ▶ Certain product supplies were made to less regulated markets in Q3'23 and Q4'23, and this will reduce the under-recoveries in the coming quarters.

Sources of funds (₹ In Million)

Particulars	Mar'22	Mar'23
Shareholders' funds	15,248	15,002
Less: Goodwill	-3,651	-3,651
<b>Net worth</b>	<b>11,597</b>	<b>11,351</b>
Term Loan	4,147	3,524
Working capital Loan	6,099	6,488
<b>Gross Debt</b>	<b>10,246</b>	<b>10,012</b>
<b>Total</b>	<b>21,843</b>	<b>21,363</b>

Use of funds (₹ In Million)

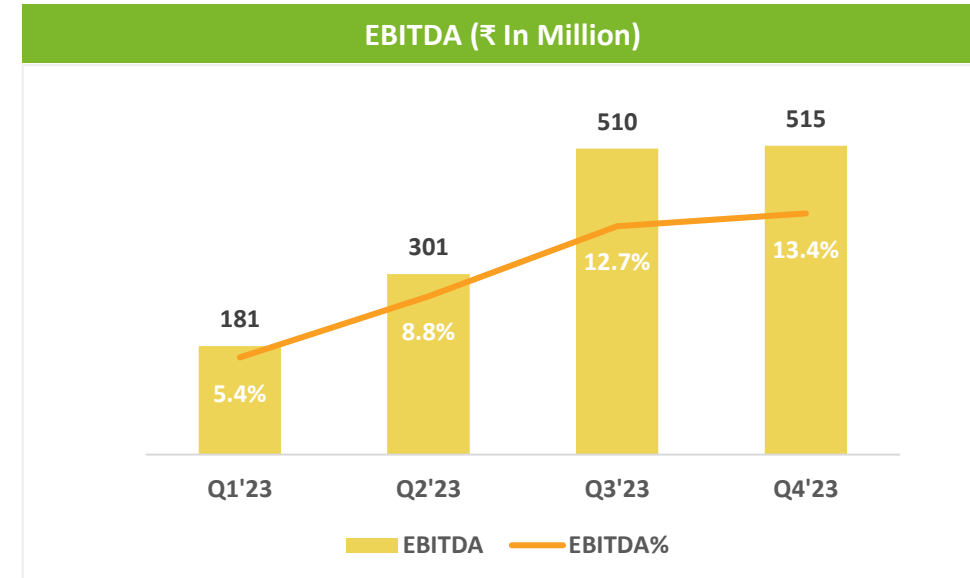
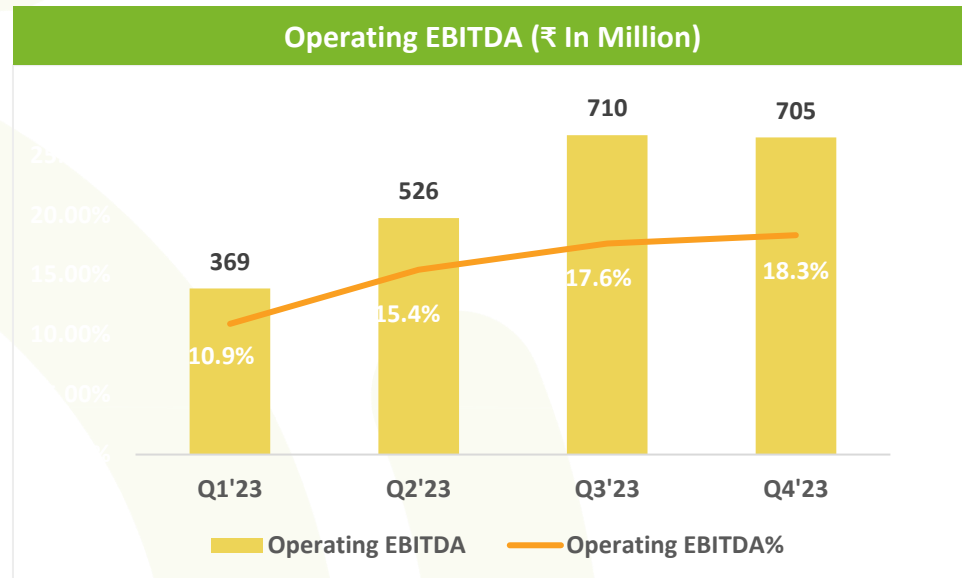
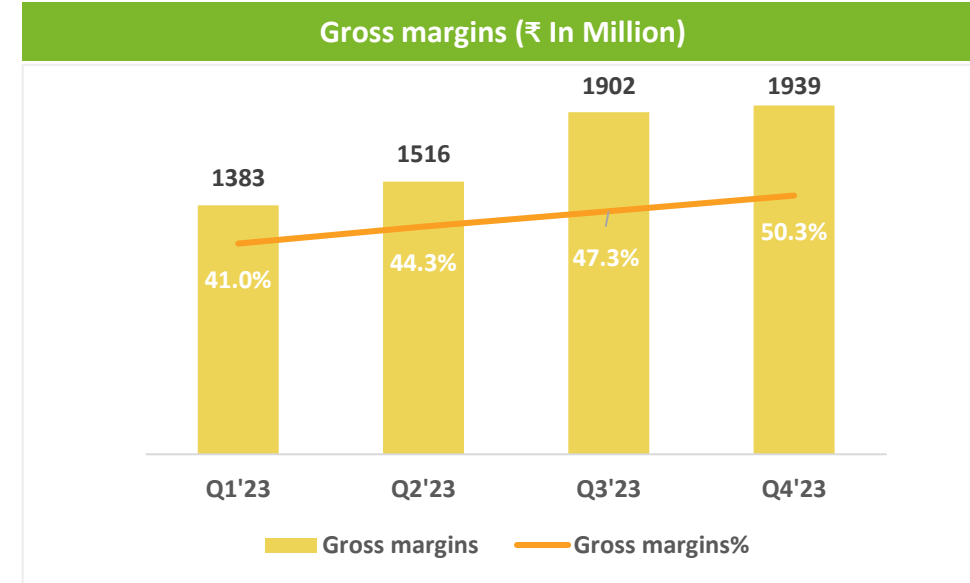
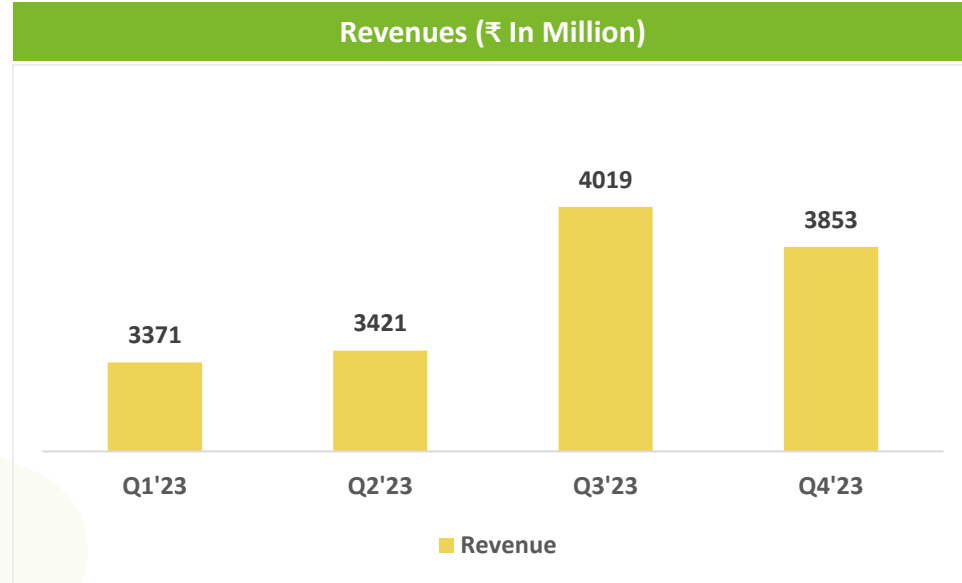
Particulars	Mar'22	Mar'23
Net Tangible Fixed Assets	11,620	11,830
Net Non-current Assets	1,124	1,010
Net Current Assets	9,099	8,523
<b>Total</b>	<b>21,843</b>	<b>21,363</b>

Gross Debt movement (₹ In Million)

Particulars	Term Loan	Working Capital	Gross Debt
<b>Opening as on 1.4.2022</b>	<b>4,147</b>	<b>6,099</b>	<b>10,246</b>
Add: Fresh Term loan	683	-	683
Less: Term loan repaid	(1,306)	-	(1,306)
Change in Working capital	-	389	389
<b>Closing as on 31.03.2023</b>	<b>3,524</b>	<b>6,488</b>	<b>10,012</b>

- ▶ Term loan reduced by ₹683 million during 9m'23 from ₹ 4,147 million to ₹ 3,524 million
- ▶ Gross debt has reduced by ₹ 234 million during FY23 from ₹ 10,246 million to ₹ 10,012 million.
- ▶ Net Current Assets reduced by ₹ 576 million during FY23 from ₹ 9,099 million to ₹ 8,523 million
- ▶ Actions to structurally right-size the working capital being implemented

# FY23 has been a recovery year for Solara, and the Company has delivered to the planned outcomes




Ongoing actions

Expected Outcome




Improvement in offtake of Base Business and New products



Growth in CRAMS Business through low molecular weight peptides and material sciences



Stronger revenue growth



Polymer Chemistry  
Expanding our portfolio in polymer based chemistry products



Reduction in Vizag Under Recovery with sales initiated recently



EBITDA Improvement



Filings in focus markets (Brazil and China)



CIP & Backward Integration Execution



Improved Debt to EBITDA ratio

### Solara Leadership Participants



**Jitesh Devendra**  
*Managing Director*



**Poorvank Purohit**  
*Chief Executive Officer*



**S. Hariharan**  
*Executive Director & CFO*



15:30hrs , IST



Friday, May 12



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Pre-register here for  
diamond pass\*

# Thank You



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