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# **Glenmark Biotherapeutics SA Epalinges**

Financial Statements  
for the Year ended March 31, 2019  
and Report of the Statutory Auditor





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## Report of the Statutory Auditor

To the General Meeting of the Shareholders of  
**Glenmark Biotherapeutics SA, Epalinges**

### Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Glenmark Biotherapeutics SA, which comprise the balance sheet, income statement, and notes for the period from August 17, 2018 to March 31, 2019.

### Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements for the year ended March 31, 2019 comply with Swiss law and the Company's articles of incorporation.

### Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.



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In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further 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.

Geneva, August 21, 2019

**Grant Thornton AG**

Erich Bucher  
Audit Expert  
Auditor in charge

Moritz Herbst

Enclosures:

- Financial statements (balance sheet, income statement, and notes)
- Proposed appropriation of available earnings



**Glenmark Biotherapeutics SA**  
Epalinges, Switzerland

**Balance sheet as at**

31.03.2019

**Assets**

*(in Swiss francs)*

**Current assets**

<b>Cash and cash equivalents</b>	<b>550'459</b>
<b>Accounts receivable -</b>	<b>361'081</b>
<i>due from shareholders</i>	361'081
<b>Other current receivables</b>	<b>65'434</b>
<i>due from third parties</i>	65'434
<b>Prepaid expenses and accrued income</b>	<b>31'392</b>

**Total current assets**

**1'008'366**

**Non-current assets**

<b>Financial assets</b>	<b>300'000</b>
<i>Other financial assets</i>	300'000

**Total non-current assets**

**300'000**

**Total assets**

**1'308'366**

**Liabilities**

**Short-term liabilities**

<b>Accounts payable</b>	<b>48'540</b>
<i>due to third parties</i>	48'540
<b>Other short-term liabilities</b>	<b>104'604</b>
<i>due to third parties</i>	104'604
<b>Short-term provisions and accrued expenses</b>	<b>443'430</b>

**Total short-term liabilities**

**596'574**

**Shareholders' equity**

<b>Share capital</b>	<b>250'000</b>
<b>Voluntary retained earnings</b>	<b>461'792</b>
<i>Profit for the year</i>	461'792
<b>Total shareholders' equity</b>	<b>711'792</b>

**Total liabilities and shareholders' equity**

**1'308'366**



**Glenmark Biotherapeutics SA**  
Epalinges, Switzerland

**Profit and loss statement for the period**

from 17.08.2018 to 31.03.2019

*(in Swiss francs)*

Net proceeds from sales of goods and services	5'121'419
Staff expenses	(2'781'663 )
Administrative expenses	(44'463 )
<u>Other operating expenses</u>	<u>(1'734'374 )</u>
Operating expenses	(4'560'501 )
<b>Profit for the period before interest and taxes</b>	<b>560'919</b>
Financial income	-
Financial expenses	(12'195 )
<b>Profit for the period before taxes</b>	<b>548'724</b>
Direct Taxes	(86'932 )
<b>Profit for the period</b>	<b>461'792</b>



## **Notes to the financial statements**

### **GLENMARK SIGNIFICANT ACCOUNTING POLICIES**

- **Activity**

Glenmark Biotherapeutics SA's principal activities consist of research and development, in the pharmaceutical field.

Glenmark Biotherapeutics SA was incorporated on August 17, 2018.

Therefore, this first exercise has only 7.5 months ( from August 17, 2018 until March 31,2019)

- **Basis of preparation**

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013). The consolidation is performed at Group level based on IFRS IASB

- **Foreign currency transactions**

Transactions in foreign currencies are converted into CHF at the prevailing exchange rate on the transaction date. Balance sheet items in foreign currency are converted using the year-end exchange rate. Exchange differences, except for unrealized gains which are deferred, are included in the determination of net income.

- **Revenue recognition**

All income whether for goods or services, operating or non-operating needs to be accounted for on accrual basis.



## Glenmark Biotherapeutics SA

Epalinges, Switzerland

### Notes to the financial statements

#### Details, analyses and explanations to the financial statements

##### Revenue

Sales in the amount of CHF 5'121'419 was with the Company's direct shareholder.

The number of full-time equivalents did not exceed 50 on annual average basis.

##### Details of other operating expenses

CHF	31.03.2019
Premises Rent, Maintenance & Energy	989'996
Third Party Non Cap R&D Services	716'714
Professional services	27'664
<b>Total</b>	<b>1'734'374</b>

##### Pension liabilities

On 31st March 2019, the estimated pro-rated liability to the pension scheme is nil

##### Group VAT

Glenmark Pharmaceuticals SA, Glenmark Holding SA and Glenmark Specialty SA as well as Glenmark Biotherapeutics SA are in the same VAT group and jointly responsible.

##### Financial assets

The amount of CHF 300'000 under financial asset is related to a Rent Guarantee, for the premises rent at Biopôle in Epalinges.



**Glenmark Biotherapeutics SA**  
Epalinges, Switzerland  
**Proposed appropriation of available earnings**  
**(in Swiss francs)**

**2019**

<b>Voluntary retained earnings at the beginning of the period</b>	<b>0.00</b>
Profit for the period	461'791.67
<b>Voluntary retained earnings available to the general meeting</b>	<b>461'791.67</b>

**Motion of the board of directors on the allocation of retained earnings**  
**(in Swiss francs)**

**2019**

	Motion of the board of directors
Voluntary retained earnings Available to the general meeting	<b>461'791.67</b>
Allocation to legal retained earnings	(50'000.00)
Distribution of dividends to shareholders	0.00
Carried forward to new account	<b>411'791.67</b>