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# **Glenmark Holding SA La Chaux-de-Fonds**

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 Holding SA, La Chaux-de-Fonds**

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

As statutory auditor, we have audited the accompanying financial statements of Glenmark Holding SA, which comprise the balance sheet, income statement, and notes for the year ended 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 draw attention to the fact that half of the share capital and legal reserves are no longer covered (article 725 para. 1 CO).

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)



**Glenmark HOLDING SA**  
La Chaux-de-Fonds, Switzerland

<b>Balance sheet as at</b>	<u>31.03.2019</u>	<u>31.03.2018</u>
<b>Assets</b>		
	<i>(in Swiss francs)</i>	
<b>Current assets</b>		
Cash and cash equivalents	805'573	3'541'631
Accounts receivables -	2'507'585	1'300'899
due from group companies	2'507'585	1'300'899
Other current receivables	42'444	46'126
<b>Total current assets</b>	<b>3'355'602</b>	<b>4'888'657</b>
<b>Non-current assets</b>		
Financial assets -	125'150'605	196'033'852
Long-term receivables from group companies	125'150'605	83'970'060
Subordinated Loans - group companies	-	202'063'792
Provisions for bad debts on subordinated loans	-	(90'000'000)
Investments in group companies	1'079'987'235	869'418'027
<b>Total non-current assets</b>	<b>1'205'137'841</b>	<b>1'065'451'879</b>
<b>Total assets</b>	<b>1'208'493'443</b>	<b>1'070'340'536</b>



**Glenmark HOLDING SA**  
La Chaux-de-Fonds, Switzerland

<b>Balance sheet as at</b>	<u>31.03.2019</u>	<u>31.03.2018</u>
<b>Liabilities</b>		
	<i>(in Swiss francs)</i>	
<b>Short-term liabilities</b>		
Accounts payables -	<b>50'661'346</b>	<b>33'548'341</b>
due to third parties	1'864'383	3'317'543
due to shareholders	48'796'963	30'230'798
Short-term interest-bearing liabilities -	<b>82'087'500</b>	<b>29'790'625</b>
due to third parties	82'087'500	29'790'625
Accrued expenses and deferred income	<b>974'353</b>	<b>20'261</b>
<b>Total short-term liabilities</b>	<b>133'723'199</b>	<b>63'359'227</b>
<b>Long-term liabilities</b>		
Long-term interest-bearing liabilities -	<b>952'448'565</b>	<b>665'627'176</b>
due to third parties	106'547'917	214'095'292
due to shareholders	845'900'648	451'531'884
<b>Total long-term liabilities</b>	<b>952'448'565</b>	<b>665'627'176</b>
<b>Shareholders' equity</b>		
Share capital	<b>242'239'894</b>	<b>242'239'894</b>
Legal retained earnings	<b>11'377'084</b>	<b>11'377'084</b>
General legal retained earnings	11'377'084	11'377'084
Legal capital reserves	<b>149'691'302</b>	<b>149'691'302</b>
Reserves from capital contribution	149'691'302	149'691'302
Accumulated deficit		
Accumulated losses brought forward	<b>(61'954'147 )</b>	<b>(51'573'582 )</b>
Loss for the year	<b>(219'032'453 )</b>	<b>(10'380'565 )</b>
<b>Total shareholders' equity</b>	<b>122'321'680</b>	<b>341'354'133</b>
<b>Total liabilities and shareholders' equity</b>	<b>1'208'493'443</b>	<b>1'070'340'536</b>



**Glenmark HOLDING SA**  
La Chaux-de-Fonds, Switzerland

**Profit and loss statement for the financial year/period ended**

31.03.2019

31.03.2018

*(in Swiss francs)*

Professional service cost	(287'410 )	(349'660 )
Administrative expenses	(10'762 )	(5'729 )
Other operating expenses	(393'322 )	(205'722 )
<b>Total operating expenses</b>	<b>(691'495 )</b>	<b>(561'111 )</b>
Financial income	23'611'155	20'307'936
Financial expenses	(82'293'676 )	(28'208'187 )
Non-operating expenses	-	(1'913'173 )
Extraordinary, non-recurring or prior-period expenses	(159'657'434 )	-
<b>Loss for the year before taxes</b>	<b>(219'031'449 )</b>	<b>(10'374'535 )</b>
Direct taxes	(1'004 )	(6'031 )
<b>Loss for the year</b>	<b>(219'032'453 )</b>	<b>(10'380'565 )</b>



## **Notes to the financial statements**

### **GLENMARK SIGNIFICANT ACCOUNTING POLICIES**

- **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.

- **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

- **Impairment of assets**

The Company assesses at each Balance Sheet date whether there is any indication that assets may be impaired. If any such indication exists, the Company estimates the recoverable amount of the cash generating unit to which the assets belong. If the recoverable amount of the cash generating unit to which the assets belong is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount is higher of the value in use and realizable value.

The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss.

If, at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

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## Glenmark HOLDING SA

La Chaux-de-Fonds, Switzerland

### Notes to the financial statements

(in Swiss francs)

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

The number of full-time equivalents did not exceed 10 on an annual average basis.

#### Investments in group companies

	2019		2018
	Capital	Votes	Votes
▫ Glenmark Pharmaceuticals SA, La Chaux-de-Fonds Switzerland	CHF 50'000'000	100%	100%
▫ Glenmark Specialty SA, La Chaux-de-Fonds Switzerland	CHF 30'000'000	100%	100%
▫ Glenmark Farmacêutica Ltda, São Paulo, Brazil	BRL 479'523'760	100%	100%
▫ Glenmark Pharmaceuticals s.r.o., Prague, Czech Republic	CZK 60'000'000	100%	100%
▫ Glenmark Distributors s.r.o., Prague, Czech Republic	CZK 10'000'000	100%	100%
▫ Glenmark Pharmaceuticals S.R.L., Bucharest, Romania	RON 202'500	100%	100%
▫ Glenmark Pharmaceuticals Sp.z.o.o, Warsaw, Poland	PLN 5'000'000	100%	100%
▫ Glenmark Pharmaceuticals Europe Ltd, Kenton, Middlesex, U.K.	GBP 800'708	100%	100%
▫ Glenmark Therapeutics Inc., NJ Mahwah USA	USD 1.01	100%	100%
▫ Viso Farmaceutica SL, Madrid Spain	EUR 3'000	100%	100%
▫ Glenmark Pharmaceuticals Inc., NJ Mahwah USA	USD 6.67	100%	100%
▫ Glenmark Generics SA, Buenos Aires, Argentina	ARS 1'268'291'354	100%	100%
▫ Glenmark Arzneimittel GmbH, Gröbenzell, Germany	EUR 50'000	100%	100%
▫ Glenmark Pharmaceuticals B.V. Amsterdam Holland	EUR 18'000	100%	100%
▫ Glenmark Pharmaceuticals Nordic AB, Goeteborg, Sweden	SEK 50'000	100%	100%
▫ Glenmark Pharmaceuticals Inc Canada, Fredericton NB, Ontario	CAD 2'110'600	100%	100%
▫ Glenmark Ukraine LLC, Kiev, Ukraine	UAH 18'538'305	100%	100%

#### Group VAT

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

#### Explanations of extraordinary, non-recurring or prior-period items in the profit and loss statement

As a result of a strategic objective undertaken by management, a decision was taken by the shareholding company, Glenmark Holding SA, to waive an amount of CHF 249'657'434 of the loans granted to the Glenmark Pharmaceuticals SA. The total amount of the waived loan included an amount of CHF 202'063'793 which had been subordinated in prior year. The net amount is an extraordinary expenses of CHF 159'657'434.