

## INDEPENDENT AUDITOR'S REPORT

To,  
The Board of Directors, **Glenmark Farmaceutica Ltda.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Glenmark Farmaceutica Ltda.**, which comprise the statement of financial position as at March 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 internal control relevant to the entity's preparation and fair presentation 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 present fairly, in all material respects, (or give a true and fair view of) the financial position of **Glenmark Farmaceutica Ltda.** as at March 31, 2020, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

São Paulo, May 29, 2020

BOUCINHAS, CAMPOS & CONTI  
Auditores Independentes S/S  
CRC 2SP 5.528/0-2



João Paulo Antonio Pompeo Conti  
Contador  
CRC 1SP 057611/O-0

Glenmark Farmaceutica Ltda.

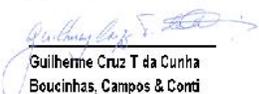
Statement of Financial Position	Sch	March 31, 2020	March 31, 2019
<b>ASSETS</b>			
<i>Non current assets</i>			
Property, plant and equipment	S 1	30.040.096	32.109.116
Goodwill	S 2 A	3.052.784	3.052.784
Other Intangible Assets	S 2 B	1.545.784	8.752.437
Deferred tax assets	S 3	105.187.505	96.759.531
<b>Total non- current assets</b>		<b>139.826.169</b>	<b>140.673.868</b>
Inventories	S 4	30.982.283	23.760.549
Trade receivables	S 5	54.516.813	34.558.536
Unbilled revenue	S 9	-	-
Derivative financial instruments	S 10	-	-
Short term investment	S 11	-	-
Other short-term financial assets	S 6	7.020.713	6.582.074
Investmet in Other Company		5.024.737	-
Current tax assets	S 7	17.261.028	18.590.382
Cash and cash equivalents	S 8	14.836.642	9.951.163
<b>Total current assets</b>		<b>129.642.216</b>	<b>93.442.704</b>
Assets and disposal group classified as held for sale	S 15	-	-
<b>Total assets</b>		<b>269.468.385</b>	<b>234.116.572</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to owners of the parent:			
Share capital		485.696.178	479.523.760
APIC/ Share Premium		-	-
Retained earnings		(302.699.517)	(274.060.174)
Reserves & Surplus		-	-
Currency translation reserve		-	-
Non Controlling Interest		-	-
<b>Total Equity</b>		<b>182.996.661</b>	<b>205.463.586</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Provisions	S 9	5.472.321	3.241.090
Trade payables	S 10	73.817.698	20.127.858
Other current liabilities	S 11	7.181.704	5.284.038
Current portion of borrowings		-	-
Current tax liabilities		-	-
<b>Total current liabilities</b>		<b>86.471.723</b>	<b>28.652.986</b>
Liabilities included in disposal group held for sale		-	-
<b>Total liabilities</b>		<b>86.471.723</b>	<b>28.652.986</b>
<b>Total equity and liabilities</b>		<b>269.468.384</b>	<b>234.116.572</b>

For identification

Guilherme Cruz T da Cunha  
Boucinhas, Campos & Conti

Statement of Comprehensive Income	Sch		March 31, 2020	March 31, 2019
<b>INCOME</b>				
Income from operations			188.418.305	136.468.302
Other income	S16		9.841.427	4.624.678
<b>Total</b>			<b>198.259.732</b>	<b>141.092.980</b>
Cost of materials	S 12		130.111.045	61.792.668
Employee benefit expenses	S 13		40.256.356	37.164.380
Depreciation, amortisation and impairment of non-financial assets	S1/S 2		6.082.022	16.538.865
Other expenses	S26 S 14		53.219.045	28.987.400
<b>Total</b>	-		<b>229.668.468</b>	<b>144.483.313</b>
<b>Operating profit</b>			<b>(31.408.736)</b>	<b>(3.390.333)</b>
Share of profit from equity accounted investments			-	-
Finance costs	S17		5.658.581	4.208.439
Finance income	S 28		-	-
Other financial expenses			-	-
<b>Profit/(Loss) before tax</b>			<b>(37.067.317)</b>	<b>(7.598.772)</b>
Income tax (expense)/credit	S15		(8.427.974)	(1.800.606)
<b>Profit/(Loss) after tax from continuing operations</b>			<b>(28.639.343)</b>	<b>(5.798.166)</b>
<b>Post tax profit/ (loss) for the year from discontinued operations</b>			<b>-</b>	<b>-</b>
<b>Profit/(Loss) after tax carried to balance sheet</b>			<b>(28.639.343)</b>	<b>(5.798.166)</b>
<b>Profit for the year attributable to:</b>				
Non Controlling Interest				
Owners of the parent				

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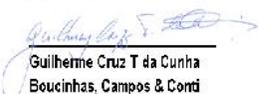
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Glenmark Farmaceutica Ltda.

Amt in BRL

Statement of Comprehensive Income	Sch	March 31, 2020	March 31, 2019
Profit for the year		(28.639.343)	(5.798.166)
Other comprehensive income:			
Exchange differences on translating foreign operations	-	-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		(28.639.343)	(5.798.166)
Total Comprehensive Income attributable to:			
Non Controlling Interest			
Owners of the parent		(28.639.343)	(5.798.166)

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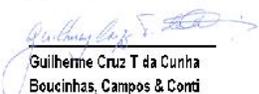
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Statement of Cash Flows

Amt in BRL

Particulars	March 31, 2020	March 31, 2019
<b>(A) Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>(37.067.317)</b>	<b>(7.598.772)</b>
<i>Adjustments for non cash items:</i>		
Amortization	-	-
Depreciation	6.265.160	15.499.001
Impairment of goodwill	-	-
Rent (unwinding of prepayments arisen on discounting long term security deposits at fair value)	-	-
Interest expenses	5.658.581	4.208.439
Profit / Loss on sale of assets	(362.203)	25
<b>Cash flows from operations before changes in working capital</b>	<b>(25.505.779)</b>	<b>12.108.693</b>
<i>Changes in operating assets and liabilities</i>		
Non current liabilities, trade payables and other current liabilities	57.818.737	(2.266.705)
Long term financial assets	-	-
Trade receivables and unbilled revenue	(19.958.277)	2.299.887
Other current assets	(11.355.756)	(3.333.597)
Taxes paid	-	-
<b>Net cash generated from operating activities</b>	<b>26.504.704</b>	<b>(3.300.415)</b>
<b>(B) Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(1.037.208)	(8.295.621)
Purchase of other intangible assets	(501.482)	(507.657)
Proceeds from sale of property, plant and equipment	4.911.407	-
<b>Net cash generated from/ (used in) investing activities</b>	<b>3.372.717</b>	<b>(8.803.278)</b>
<b>(C) Cash flows from financing activities</b>		
Proceeds from issue of shares	6.172.418	8.846.322
Repayment of borrowings	-	-
Interest paid on borrowings	(5.658.581)	(4.208.439)
<b>Net cash (used in)/ generated from financing activities</b>	<b>513.837</b>	<b>4.637.883</b>
<b>Net change in cash and cash equivalents from continuing operations</b>	<b>4.885.479</b>	<b>4.642.883</b>
FCTR Adjustments		
Net cash flows from discontinued operations	-	-
<b>Net change in cash and cash equivalents</b>	<b>4.885.479</b>	<b>4.642.883</b>
Cash and cash equivalents at the beginning of the year	9.951.163	5.308.280
Cash and cash equivalents acquired on merger	-	-
Effect of change in exchange rate on cash and cash equivalents included in	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>14.836.642</b>	<b>9.951.163</b>

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