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**GLENMARK PHARMACEUTICALS,  
S. R. O.  
PRAGUE**

**R E P O R T**

**ON THE AUDIT  
OF FINANCIAL STATEMENTS  
AS AT 31 MARCH 2020**



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The electronic version of this document can be deemed as reliable and legally binding only if accompanied by a qualified auditor's certificate. This is a translation of the original Czech Auditor's Report on the accompanying financial statements. Therefore, in the event of any inconsistency between the English and the Czech version, the Czech version shall prevail.



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of

**Glenmark Pharmaceuticals s.r.o.**  
**limited liability company with registered capital of CZK 60.000.000,-**  
**Registered Address: Praha 4, Hvězdova 1716/2b, PSČ 14078**  
**Company Identification Number (IČ): 465 05 164**

### Auditor's Opinion

We have audited the accompanying financial statements of Glenmark Pharmaceuticals s.r.o. ( hereinafter also the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, showing a balance sheet total of 2.176.958 hds. CZK and a loss of 21.362 thds. CZK. These financial statements comprise the balance sheet as at 31 March 2020, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

**In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2020 and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.**

### Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation 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 Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic 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.

### Other Information presented in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. Managing Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information. 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. In addition, we assess whether the other information has been prepared, in all material aspects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgements made on the basis of the other information.

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Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material aspects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, that the other information does not contain any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

### **Responsibilities of the Company's Managing Directors (hereinafter also "Company's statutory body") and Supervisory Board for the Financial Statements**

Company's statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the statutory body 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 Company's statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing in the notes to the financial statements, as applicable, matters related to going concern and using the going concern basis of accounting unless the Company's statutory body 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 the above mentioned regulations 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.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's statutory body in the notes to the financial statements.

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- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's statutory body regarding, among other matters, the planned scope and timing of the audit and our significant audit findings, including any significant deficiencies identified in the internal controls.

**Grant Thornton Audit s.r.o.**

Audit Firm  
Praha 1, Jindřišská 16  
Licence No. 085

Prague on 05-06-2020

Ing. Leoš Horváth  
Auditor, Licence No. 2013  
Proxy

Ing. Hana Tomcová  
Auditor, Licence No. 1722

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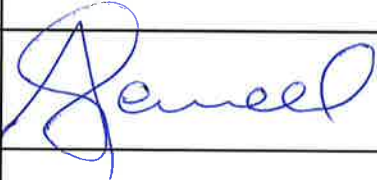

**Financial statements  
for the year ended 31.3.2020**

**Name of accountancy unit:** Glenmark Pharmaceuticals s.r.o.  
**Seat:** Hvězdova 1719/2b  
Praha 4  
14078  
**Identif. Code:** 46505164

**Compiled on:** 04 -06- 2020

**Components of the Financial Statements:**

Balance Sheet  
Profit and Loss Statement  
Statement of changes in Equity  
Cash Flow Statement  
Notes to the Financial Statements

<b>Name of statutory body or individual, who is an accounting unit:</b>	<b>Signature</b>
Andrzej Gondek	
<b>Person responsible for financial statements (Name)</b>	<b>Signature</b>
Jana Neradová	



**BALANCE SHEET**  
in full scale  
as of 31.3.2020  
(in entire thousands CZK)

Name and seat  
of accountancy unit  
Glenmark Pharmaceuticals s.r.o.

Identif. Code: 46505164
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Hvězdova 1719/2b Praha 4 14078
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Denotation a	A S S E T S b	Current accounting period			Previous acc. period
		Brutto 1	Correction 2	Netto 3	Netto 4
	<b>TOTAL ASSETS</b>	2,680,793	+ 503,835	2,176,958	1,606,014
<b>A.</b>	<b>Amounts receivable for subscribed registered capital</b>				
<b>B.</b>	<b>Fixed assets</b>	939,266	- 489,391	449,875	372,897
B. I.	Long-term intangible assets	572,438	- 329,571	242,867	192,852
B. I. 1.	Intangible results of development				
B. I. 2.	Valuable rights (patents, licences and know-how)	431,764	- 327,649	104,115	104,042
B. I. 2.1.	Software	1,902	- 705	1,197	812
B. I. 2.2.	Other valuable rights (patents, licences and know-how)	429,862	+ 326,944	102,918	103,230
B. I. 3.	Goodwill				
B. I. 4.	Other long-term intangible assets				
B. I. 5.	Advances for intangible fixed assets and intangible fixed assets under construction	140,674	+ 1,922	138,752	88,810
B. I. 5.1.	Advances for long-term intangible assets				
B. I. 5.2.	Intangible fixed assets under construction	140,674	+ 1,922	138,752	88,810
B. II.	Long-term tangible assets	340,924	- 159,820	181,104	162,479
B. II. 1.	Land and structures	196,511	- 78,452	118,059	106,937
B. II. 1.1.	Land	983		983	983
B. II. 1.2.	Structures	195,528	- 78,452	117,076	105,954
B. II. 2.	Plant and equipment	141,459	- 81,368	60,091	39,096
B. II. 3.	Goodwill, incl. market value increment				
B. II. 4.	Other long-term tangible assets				
B. II. 4.1.	Forests, orchards etc.				
B. II. 4.2.	Full-grown animals and their herds				
B. II. 4.3.	Other long-term tangible assets				
B. II. 5.	Advances for tangible fixed assets and tangible fixed assets under construction	2,954		2,954	16,446
B. II. 5.1.	Advances for tangible fixed assets				
B. II. 5.2.	Long-term tangible assets in progress	2,954		2,954	16,446
B. III.	Long-term financial assets	25,904		25,904	17,566
B. III. 1.	Equity investments - group undertakings	25,904		25,904	17,566
B. III. 2.	Loans - controlled and controlling organizations				
B. III. 3.	Equity investments - associated companies				
B. III. 4.	Loans - associated companies				
B. III. 5.	Other long-term securities and equity investments				
B. III. 6.	Loans - other				
B. III. 7.	Other long-term investments				
B. III. 7.1.	Other long-term investments				
B. III. 7.2.	Advances for long-term financial assets				

Denotation a	A S S E T S b	Current accounting period			Previous acc. period
		Brutto 1	Correction 2	Netto 3	Netto 4
C.	<b>Current assets</b>	1,383,215	- 14,444	1,368,771	1,022,171
C. I.	Inventories	77,965	- 12,448	65,517	80,336
C. I. 1.	Materials	37,738	- 408	37,330	33,131
C. I. 2.	Work-in-progress and semi-finished products	7,281		7,281	15,346
C. I. 3.	Finished goods and goods for resale	32,946	- 12,040	20,906	30,869
C. I. 3.1.	Finished goods	15,857	- 4,568	11,289	16,992
C. I. 3.2.	Purchased goods for resale (inc. goods in transit)	17,089	- 7,472	9,617	13,877
C. I. 4.	Young and other animals and their herds				
C. I. 5.	Advance payments for inventories				990
C. II.	Receivables	1,243,865	- 1,996	1,241,869	824,516
C. II. 1.	Long-term receivables	59,573		59,573	114,392
C. II. 1.1.	Trade receivables				
C. II. 1.2.	Inter-group receivables (controlled or controlling entity)				
C. II. 1.3.	Inter-group receivables - significant influence				
C. II. 1.4.	Deferred tax receivable	57,406		57,406	114,214
C. II. 1.5.	Receivables - other	2,167		2,167	178
C. II. 1.5.1.	Receivables from partners				
C. II. 1.5.2.	Long-term advances granted	2,167		2,167	178
C. II. 1.5.3.	Estimated receivables				
C. II. 1.5.4.	Other receivables				
C. II. 2.	Short-term receivables	1,184,292	- 1,996	1,182,296	710,124
C. II. 2.1.	Trade receivables	1,036,539	- 1,996	1,034,543	575,927
C. II. 2.2.	Inter-group receivables (controlled or controlling entity)				
C. II. 2.3.	Inter-group receivables - significant influence				
C. II. 2.4.	Receivables - other	147,753		147,753	134,197
C. II. 2.4.1.	Receivables from partners				
C. II. 2.4.2.	Social security and health insurance				
C. II. 2.4.3.	Due from state - tax receivables	17,856		17,856	13,187
C. II. 2.4.4.	Short-term advances granted	1,371		1,371	985
C. II. 2.4.5.	Estimated receivables	105,396		105,396	78,188
C. II. 2.4.6.	Other receivables	23,130		23,130	41,837
C. III.	Short-term financial assets				
C. III. 1.	Equity investments - group undertakings				
C. III. 2.	Other short-term financial assets				
C. IV.	Cash	61,385		61,385	117,319
C. IV. 1.	Cash in hand				
C. IV. 2.	Bank accounts	61,385		61,385	117,319
D. I.	Accruals	358,312		358,312	210,946
D. I. 1.	Prepaid expenses	358,312		358,312	210,946
D. I. 2.	Complex prepaid expenses				
D. I. 3.	Accrued income				



Denotation a	EQUITY + LIABILITIES b	Current acc. period 5	Previous acc. period 6
	<b>TOTAL EQUITY + LIABILITIES</b>	2,176,958	1,606,014
<b>A.</b>	<b>Equity</b>	1,130,614	1,143,638
A. I.	Registered capital	60,000	60,000
A. I. 1.	Registered capital	60,000	60,000
A. I. 2.	Own shares/ownership interests (-)		
A. I. 3.	Changes in registered capital		
A. II.	Premium and capital funds	2,462,221	2,453,883
A. II. 1.	Share premium	18,587	18,587
A. II. 2.	Capital funds	2,443,634	2,435,296
A. II. 2.1.	Other capital funds	2,448,318	2,448,318
A. II. 2.2.	Valuation differences from re-valuation of assets and liabilities (+/-)	- 4,684	- 13,022
A. II. 2.3.	Differences from revaluation in transformation of companies (+/-)		
A. II. 2.4.	Differences from transformation of companies (+/-)		
A. II. 2.5.	Differences from valuation in transformation of companies (+/-)		
A. III.	Funds from earnings	8,529	8,529
A. III. 1.	Other reserve funds	8,498	8,498
A. III. 2.	Statutory and other funds	31	31
A. IV.	Retained profit or loss from prior year (+/-)	- 1,378,774	- 1,473,351
A. IV. 1.	Retained earnings or losses (+/-)	- 1,378,774	- 1,455,611
A. IV. 2.	Other profit or loss from previous years (+/-)		- 17,740
A. V.	Profit or loss of the current accounting period (+/-)	- 21,362	94,577
A. VI.	Approved advance profit distribution (-)		
<b>B. + C.</b>	<b>Liabilities</b>	1,045,743	462,376
B.	Provisions	124,303	123,114
B. I.	Provision for pensions and similar liabilities		
B. II.	Provision for income tax		
B. III.	Provisions made according to special legal regulations		
B. IV.	Other provisions	124,303	123,114

Denotation a	EQUITY + L I A B I L I T I E S b	Current acc. period 5	Previous acc. period 6
<b>C.</b>	<b>Liabilities</b>	921,440	339,262
C. I.	Long-term liabilities	134,646	
C. I. 1.	Issued bonds		
C. I. 1.1.	Convertible debentures and bonds		
C. I. 1.2.	Other debentures and bonds		
C. I. 2.	Liabilities to credit institutions		
C. I. 3.	Long-term advances received		
C. I. 4.	Trade payables		
C. I. 5.	Long-term promissory notes		
C. I. 6.	Inter-group payables (controlled or controlling entity)		
C. I. 7.	Inter-group payables - significant influence		
C. I. 8.	Deferred tax payable		
C. I. 9.	Liabilities - other	134,646	
C. I. 9.1.	Payables to partners		
C. I. 9.2.	Estimated payables		
C. I. 9.3.	Other payables	134,646	
C. II.	Short-term liabilities	786,794	339,262
C. II. 1.	Issued bonds		
C. II. 1.1.	Convertible debentures and bonds		
C. II. 1.2.	Other debentures and bonds		
C. II. 2.	Liabilities to credit institutions		
C. II. 3.	Short-term advances received		
C. II. 4.	Trade payables	626,769	298,301
C. II. 5.	Short-term bills of exchange payable		
C. II. 6.	Inter-group payables (controlled or controlling entity)		
C. II. 7.	Inter-group payables - significant influence		
C. II. 8.	Liabilities - other	160,025	40,961
C. II. 8.1.	Payables to partners		
C. II. 8.2.	Other short-term borrowings		
C. II. 8.3.	Payables to employees	4,698	3,218
C. II. 8.4.	Social security and health insurance payables	2,673	1,834
C. II. 8.5.	Due to state - taxes and subsidies	623	369
C. II. 8.6.	Estimated payables	105,743	35,512
C. II. 8.7.	Other payables	46,288	28
<b>D.</b>	<b>Accruals</b>	601	
D. I.	Accrued expenses	601	
D. II.	Deferred income		

**PROFIT AND LOSS STATEMENT - classification by types**

in full scale  
as of 31.3.2020  
(in entire thousands CZK)

Name and seat  
of accountancy unit  
Glenmark Pharmaceuticals s.r.o.

Identif. Code: 46505164
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Hvězdova 1719/2b Praha 4 14078
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Denotation a	T E X T b	Accounting period	
		Current 1	Previous 2
I.	Revenue from products and services	465,883	376,036
II.	Sales of goods bought for resale	1,172,838	1,218,973
*	<b>Total sales</b>	<b>1,638,721</b>	<b>1,595,009</b>
A.	Purchased consumables and services	1,749,467	1,404,257
A. 1.	Cost of goods sold	690,546	594,353
A. 2.	Consumables	274,857	221,846
A. 3.	Services	784,064	588,058
B.	Change in inventory of own production (+/-)	13,213	- 9,493
C.	Own work capitalized (-)		
D.	Staff costs	76,654	63,761
D. 1.	Wages and salaries	54,514	45,283
D. 2.	Social security, health insurance and other expenses	22,140	18,478
D. 2. 1.	Social security and health insurance expenses	18,736	14,986
D. 2. 2.	Other expenses	3,904	3,492
E.	Adjustments relating to operating activities	42,031	48,452
E. 1.	Adjustments to intangible and tangible fixed assets	39,751	46,396
E. 1. 1.	Depreciation and amortization of intangible and tangible fixed assets	41,930	47,199
E. 1. 2.	Impairment of intangible and tangible fixed assets	- 2,179	- 803
E. 2.	Adjustments to inventories	1,382	1,443
E. 3.	Adjustments to receivables	898	613
III.	Other operating revenues	376,515	4,990
III. 1.	Proceeds from disposals of fixed assets	365,147	15
III. 2.	Proceeds from disposals of raw materials	695	
III. 3.	Other operating revenues	10,673	4,975
F.	Other operating expenses	82,359	- 36,733
F. 1.	Net book value of fixed assets sold	8,629	29
F. 2.	Material sold	187	88
F. 3.	Taxes and charges	25,630	10,765
F. 4.	Provisions relating to operating activity and complex prepaid expenses	1,189	- 55,024
F. 5.	Other operating expenses	46,724	7,409
*	<b>Operating profit or loss (+/-)</b>	<b>51,512</b>	<b>129,755</b>

Denotation a	T E X T b	Accounting period	
		Current 1	Previous 2
IV.	Revenue from long-term investments - equity investments		
IV. 1.	Revenue from equity investments - group undertakings		
IV. 2.	Other revenue from equity investments		
G.	Cost of equity investments sold		
V.	Revenue from other long-term investments		
V. 1.	Revenue from other long-term investments - group undertakings		
V. 2.	Other revenue from other long-term investments		
H.	Expenses related to other long-term investments		
VI.	Interest revenue and similar revenue	1,380	4,892
VI. 1.	Interest revenue and similar revenue - group undertakings		
VI. 2.	Other interest revenue and similar revenue	1,380	4,892
I.	Adjustments and provisions relating to financial activity		
J.	Interest expense and similar expense	2,280	
J. 1.	Interest expense and similar expense - group undertakings		
J. 2.	Other interest expense and similar expense	2,280	
VII.	Other financial revenues	35,771	30,706
K.	Other financial expenses	50,937	32,202
*	<b>Profit (loss) from financial operations</b>	<b>- 16,066</b>	<b>3,396</b>
**	<b>Profit (loss) before tax (+/-)</b>	<b>35,446</b>	<b>133,151</b>
L.	Income tax	56,808	38,574
L. 1.	Current tax		
L. 2.	Deferred tax (+/-)	56,808	38,574
**	<b>Profit (loss) after tax (+/-)</b>	<b>- 21,362</b>	<b>94,577</b>
M.	Transfer of profit or loss to shareholders/members (+/-)		
***	<b>Profit (loss) for the accounting period (+/-)</b>	<b>- 21,362</b>	<b>94,577</b>
*	<b>Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. +</b>	<b>2,052,387</b>	<b>1,635,597</b>

**STATEMENT OF  
CHANGES IN EQUITY**

Year ended  
31/03/2020  
(in CZK thousand)

Glenmark Pharmaceuticals s.r.o.  
Corporate ID 46505164

Hvězdova 1716/2b  
14078 Praha

	Share capital	Capital funds and share premium	Funds from profit, reserve fund	Accumulated profit losses brought forward	Profit or loss for the current period	TOTAL EQUITY
<b>Balance at 31 March 2018</b>	<b>60,000</b>	<b>2,444,705</b>	<b>8,529</b>	<b>-1,272,027</b>	<b>-183,584</b>	<b>1,057,623</b>
Distribution of profit or loss				-183,584	183,584	
Change in share capital				-17,740		-17,740
Profit shares paid						
Profit share prepayments declared						
Payments from capital funds		9,178				9,178
Profit or loss for the current period					94,577	94,577
<b>Balance at 31 March 2019</b>	<b>60,000</b>	<b>2,453,883</b>	<b>8,529</b>	<b>-1,473,351</b>	<b>94,577</b>	<b>1,143,638</b>
Distribution of profit or loss					-94,577	
Change in share capital						
Profit shares paid						
Profit share prepayments declared						
Payments from capital funds		8,338				8,338
Profit or loss for the current period					-21,362	-21,362
<b>Balance at 31 March 2020</b>	<b>60,000</b>	<b>2,462,221</b>	<b>8,529</b>	<b>-1,378,774</b>	<b>-21,362</b>	<b>1,130,614</b>

CASH FLOW STATEMENT

as of 31.3.2020  
(in entire thousands CZK)

Name and seat  
of accountancy unit  
Glenmark Pharmaceuticals s.r.o.

Identif. Code:
46505164

Hvězdova 1719/2b
Praha 4
14078

Den. a	TEXT b	Balance in accounting period	
		current 1	previous 2
P.	Cash and cash equivalents, beginning of period	117,319	94,639
	Net operating cash flow	-	-
Z.	Accounting profit (loss) from ordinary activities	35,446	133,151
A. I.	Non-cash transactions	- 314,224	- 44,080
1. 1.	Depreciation of fixed assets	39,751	46,396
2.	Change in:	1,290	- 53,771
2. 1.	goodwill and adjustments to acquired assets		
2.	provisions and other adjustments	1,290	- 53,771
3.	Profit(-) Loss(+) on sale of fixed assets	- 356,518	14
4.	Profit(-) Loss(+) on sale of securities		
5.	Revenue from dividends and profit distribution		
6.	Expense and revenue interests accounted for	900	- 4,892
7.	Other non-cash transactions	353	- 31,827
A. *	Net operating cash flow before financial items, changes in working capital and extraordinary items	- 278,778	89,071
A. 2.	Changes in working capital	339,833	- 13,729
2. 1.	Change in receivables from operating activities and deferrals	- 256,383	154,385
2.	Change in short-term liabilities from operating activities and accruals	582,779	- 150,181
3.	Change in inventories	13,437	- 17,933
4.	Change in short-term financial assets, other than cash and cash equivalents		
A. **	Net operating cash flow before financial balances, tax and extraordinary items	61,055	75,342
A. 3.	Interest paid excluding amounts capitalised		
A. 4.	Interest received	29	20,389
A. 5.	Income tax paid on ordinary income and income tax relating to prior periods		
A. 6.	Dividends received		
A. ***	Net operating cash flow	61,084	95,731

Den. a	TEXT b	Balance in accounting period	
		current 1	previous 2
	<b>Investment activity</b>	-	-
B. 1.	Acquisition of fixed assets	- 117,021	- 73,066
1. 1.	Acquisition of tangible fixed assets	- 84,904	- 61,913
2.	Acquisition of intangible fixed assets	- 32,117	- 11,153
3.	Acquisition of long-term investments		
B. 2.	Proceeds from sales of fixed assets	3	15
2. 1.	Proceeds from sales of tangible and intangible fixed assets	3	15
2.	Proceeds from sale of financial investments		
B. 3.	Advances and loans to related parties		
<b>B. ***</b>	<b>Net cash flow from investment activity</b>	<b>- 117,018</b>	<b>- 73,051</b>
	<b>Financial activity</b>	-	-
C. 1.	Change in long-term liabilities and bank loans		
C. 2.	Increase and decrease in equity from cash transactions		
2. 1.	Subscription of shares and investments, even. Funds from earnings		
2.	Equity paid to shareholders		
3.	Other cash contributions from partners and shareholders		
4.	Loss settlement from partners		
5.	Payments from funds created from net profit		
6.	Dividends paid, including withholding tax paid		
<b>C. ***</b>	<b>Net cash flow from financial activity</b>		
<b>F.</b>	<b>Net increase or decrease in cash balance</b>	<b>- 55,934</b>	<b>22,680</b>
<b>R.</b>	<b>Cash and cash equivalents, end of period</b>	<b>61,385</b>	<b>117,319</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**as of March 31, 2020**

Glenmark Pharmaceuticals s.r.o.

Registered address: Hvězdova 1716/2b, 140 78 Praha 4

Legal status: Limited Liability Company

ID: 46505164



## 1. GENERAL INFORMATION

### 1.1. Subject of activity

**Glenmark Pharmaceuticals s.r.o.**, Company Registration No.: **46505164**, is a limited liability company, registered in the Commercial Register on May 6, 1992 at the Citi Court in Prague, Section C, insert 150331. The address of the Company's seat is Hvězdova 1716/2b, 140 78 Prague 4.

The main business activities of the Company are as follows:

- Distribution of pharmaceuticals and medical equipment
- Chemical analyses
- Manufacturing of infusion solutions
- Manufacturing of pharmaceutical preparations

On March 31, 2016 there was a transfer of a part of the business establishment called CZ distribution business and CEEHQ to Glenmark Pharmaceuticals Distribution s.r.o., headquartered Hvězdova 1716 / 2b, Nusle, 140 78 Praha 4, VAT ID 04727339, registered in the Commercial Register maintained by the Municipal court in Prague, section C, File 252762.

### 1.2. Ownership structure

Name of owner	Address	Ownership interest %
Glenmark Holding SA	La Chaux-de-Fonds, Chemin de la Combeta 5, Switzerland confederation	100%
Total		100%

As of March 31, 2020, shares of 20% or more of the company's registered capital are held:

Name	Address	Ownership interest	Equity (in ths EUR)	Profit from previous period (in ths EUR)
GLENMARK PHARMACEUTICALS SK, s. r. o.	Tomášikova 64 83104 Bratislava	100%	948	267

Glenmark Pharmaceuticals s.r.o.

As of March 31, 2019, shares of 20% or more of the company's registered capital are held:

Name	Address	Ownership interest	Equity (in ths EUR)	Profit from previous period (in ths EUR)
GLENMARK PHARMACEUTICALS SK, s. r. o.	Tomášikova 64 83104 Bratislava	100%	681	351

Financial data is based on subsidiary's audited financial statements.

Glenmark Pharmaceuticals s.r.o is the part of Glenmark group, which has its consolidated financial statements prepared by the Glenmark Pharmaceuticals Ltd. (Glenmark House, B.D., Sawant Marg, Chakala, Off, Western Express Highway, Andherei (East), Mumbai – 400 099, India).

Financial result for the year ended March 31, 2019 was approved on September 1, 2019 and the loss of the company was transferred to the account retained earnings or losses.

The Shareholder intends to transfer the loss of the year ended March 31, 2020 to retained earnings.

**1.3. Statutory representatives as of March 31, 2020**

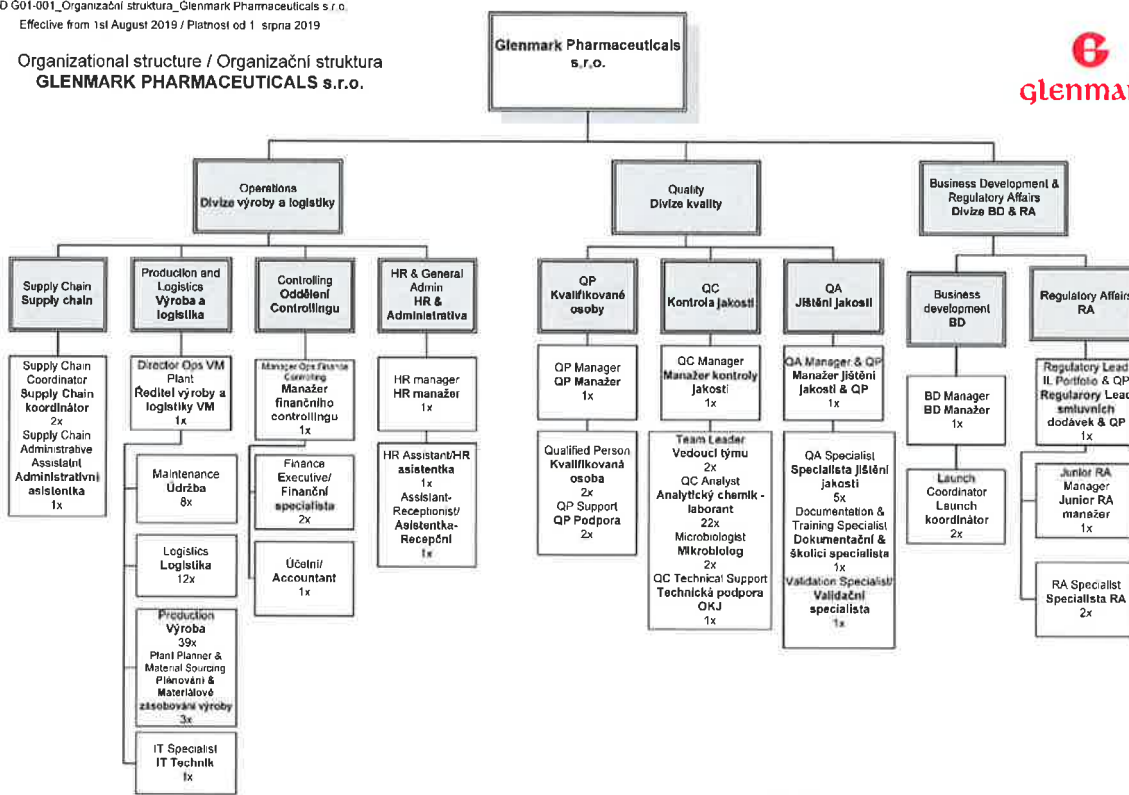
Oliver Henry Bourne	Since November 1, 2014
Andrzej Gondek	Since May 12, 2017
Achin Gupta	Since May 12, 2017
Ajay Varshney	Since November 19, 2019

Each executive acts independently on the company's behalf.

### 1.4. Organization chart of the company as of March 31, 2020

PD G01-001\_Organizační struktura\_Glenmark Pharmaceuticals s.r.o.  
Effective from 1st August 2019 / Platnost od 1 srpna 2019

Organizational structure / Organizační struktura  
GLENMARK PHARMACEUTICALS s.r.o.



Zpracoval/Prepared by: Pavlína Nejedlá  
Podpis/Signature:

Ověřil/Verified by:  
Podpis/Signature:

Schválil/Approved by: Marie Cejnková  
Podpis/Signature

## 2. BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

These financial statements are prepared for the year ending March 31, 2020.

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended; the Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

These financial statements are presented in thousands of Czech crowns ('CZK').

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1. Tangible fixed assets

Tangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 1 on an individual basis or assets from finished leasing, where the useful life is greater than one year.

Tangible fixed asset is valued at the acquisition costs which include purchase price, transportation costs and other expenses related to acquisition. Impairment of tangible assets is captured by provisions for diminution in value in the balance sheet correction column.

The cost of fixed asset improvements exceeding CZK 1 for the accounting period increases the acquisition cost of the related tangible fixed asset.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than assets under construction, over their estimated useful lives, using the straight-line method, on the following basis:

	Number of years
Buildings, facilities and construction sites	50
Machines and equipment	10
Means of transportation	4
Inventory	4
Other long-term tangible property	4

#### 3.2. Intangible fixed assets

Intangible fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than CZK 1 on an individual basis. **Intangible fixed asset** is valued at the acquisition costs which include purchase price, transportation costs and other expenses related to acquisition.

Intangible fixed assets also include development activities with an estimated useful life greater than one year. Assets arising from development activities are capitalised only if utilised for repeated sale. They are valued at the lower of internal production costs and replacement cost. Intangible assets arising from research and development, software and valuable rights generated internally for the Company's internal needs are not capitalised.

Purchased intangible fixed assets are valued at cost less accumulated amortisation and any recognised impairment losses.

The cost of fixed asset improvements increases the acquisition cost of the related intangible fixed asset.

Intangibles include payments of fees related to the product registration process that are part of the cost of obtaining the product license.

Activation of long-term intangible property (licenses) occurs after the registration process is finished on behalf of the company upon the introduction of a product onto the market. The limit for activation of long-term intangible property is CZK 1.

Amortisation of licenses starts as of the activation date and lasts for 10 years in case of unlimited license rights. In situations of fixed period license agreements, the amortisation is over the period of the contract.

Amortisation of intangible fixed assets is recorded on a straight line-basis over their estimated useful lives as follows:

	Number of years
Software	5
Licenses	10

#### Impairment

Impairment of intangible fixed assets is recognised when the carrying value temporarily does not match the actual balance.

### **3.3. Financial Investment**

Non-current financial assets principally consist of loans with maturity exceeding one year, equity investments, securities and equity investments available for sale and debt securities with maturity over one year held to maturity.

As defined by Section 25 paragraph letter f) of the Accounting Act, securities and shares are valued at the date (moment) of acquisition by using the acquisition prices. At the balance sheet date, they are revalued by the equivalence method.

At the balance sheet date, the Company records equity investments in subsidiaries and associates at the value established using the equity method of accounting. The equity investment recognised at cost on acquisition is revalued at the balance sheet date to reflect the value equivalent to the Company's proportion of a subsidiary's equity.

### **3.4. Inventory**

Finished goods are valued at direct material costs, direct salaries and overhead costs. Merchandise is valued at acquisition costs. The acquisition costs mainly include purchase price, customs fees, storage costs and transportation costs if the items are transported. Work in progress is valued at direct costs. Inventory provision is created at 100% for items with expiry period less than 6 months from the balance sheet date and at 20 % for items without movement over 365 days. Provision is also created for the difference between accounting value and selling price less costs to sell (net realisable value).

### 3.5. Prepaid expenses

The company is posting on accounts prepaid expenses purchases of distribution rights for licenses from the company GPEL UK. Distribution rights are amortised over 10 years, starting when introducing product to the market.

### 3.6. Foreign currency translation

Transactions denominated in foreign currencies during the year are translated using the exchange rate of the Czech National Bank prevailing on the date of the transaction.

At the balance sheet date, the relevant assets and liabilities are translated at the Czech National Bank's exchange rate prevailing as of that date.

Realized and unrealized profits and losses resulting from exchange rates are calculated into revenues or costs for the regular year. In the financial statements are unrealized exchange rate losses and gains settled and recorded in the other financial expenses and Other financial revenues according to the actual balance.

### 3.7. Receivables

Receivables are initially recognised at their nominal value. When necessary they are reduced by appropriate provisions for doubtful and bad amounts. The provisions for receivables are created based on the aging structure of the receivables, including an individual evaluation of the borrower's credit worthiness

#### Impairment

Provision for accounts receivable which are overdue more than 360 days is based on the following rules:

Receivables overdue:	Provision %:
361 – 720	5
721– 1 080	50
1 081 and more	100

### 3.8. Trade payables

Trade payables are recognised at their nominal value.

### **3.9. Provisions for liabilities and charges**

Provisions are intended to cover future risks and expenditure, the nature of which is clearly defined and which are likely to be incurred, but which are uncertain as to the amount or the date on which they will arise.

### **3.10. Use of Estimates**

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates.

### **3.11. Revenue Recognition**

Revenue is measured at the value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts; value added tax and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

### **3.12. Taxes**

#### **3.12.1. Depreciation of Fixed Assets for Tax Purposes**

Depreciation of fixed assets is calculated using the straight-line method for the tax purposes.

#### **3.12.2. Current tax payable**

Management of the Company has not recognised a tax payable and a tax charge based on its tax calculation due to tax losses which follows from its understanding of the interpretation of Czech tax legislation valid at the financial statements date and believes that the amount of tax is correct in compliance with the effective Czech tax regulations. Since various interpretations of tax laws and regulations by third parties, including state administrative bodies, exist, the income tax payable reported in the Company's financial statements may change based on the ultimate opinion of the tax authorities.

#### **3.12.3. Deferred tax**

Deferred tax is accounted for using the balance sheet liability method. Deferred taxes are based on all temporary differences between the accounting and tax value of assets and liabilities using the enacted tax rate valid for the period in which these temporary differences will be settled.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the related deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

### **3.13. Cash and cash equivalents**

Cash equivalents represent short-term liquid assets from which a present cash amount can be withdrawn easily and on demand.

### **3.14. Subsequent events**

The impact of events that occurred between the balance sheet date and the date of financial statements is captured in accounting reports if these events have provided additional information about circumstances that existed at the balance sheet date.

If important events occurred between the balance sheet date and the date of financial statements due to circumstances that occurred after the balance sheet date, the consequences of those events are described in the notes to the financial statements, but are not reflected in the financial statements themselves.



#### 4. ACCOMPANYING INFORMATIONS FOR BALANCE SHEET AND PROFIT AND LOSS STATEMENT

##### 4.1. Intangible assets (ths CZK)

	Software	Valuable rights	Other intangibles	Total
<b>Cost:</b>				
Balance at 31.3.2019	1 262	661 505	96 789	759 556
Additions	652	41 019	85 556	127 227
Disposals	-12	-272 662	-41 671	-314 345
Balance as at 31.3.2020	1 902	429 862	140 674	572 438
<b>Accumulated amortisation and impairment:</b>				
Balance at 31.3.2019	450	558 275	7 979	566 704
Amortisation charge for the year	267	28 597	0	28 864
Disposals	-12	-263 806	0	-263 818
Impairment loss	0	3 878	-6 057	- 2 179
Balance as at 31.3.2020	705	326 944	1 922	329 571
<b>Carrying value at 31.3.2020</b>	<b>1 197</b>	<b>102 918</b>	<b>138 752</b>	<b>242 867</b>

**4.2. Tangible assets (ths CZK)**

	<b>Land and Buildings</b>	<b>Individual movable fixed asset</b>	<b>Other tangibles and assets under construction</b>	<b>Total</b>
<b>Cost:</b>				
Balance at 31.3.2019	181 773	113 093	16 446	311 312
Additions	14 738	30 219	31 465	76 422
Disposals	0	-1 853	-44 957	-46 810
Balance as at 31.3.2020	196 511	141 459	2 954	340 924
<b>Accumulated depreciation:</b>				
Balance at 31.3.2019	74 836	73 997	0	148 833
Depreciation charge for the year	3 616	9 031	0	12 647
Disposals	0	-1 660	0	-1 660
Balance as at 31.3.2020	78 452	81 368	0	159 820
<b>Carrying value at 31.3.2020</b>	<b>118 059</b>	<b>60 091</b>	<b>2 954</b>	<b>181 104</b>

**4.3. Inventories (ths CZK)**

The company has performed physical inventory count and any identified differences were accounted as surplus and shortages.

**4.4. Financial investment (ths CZK)**

	<b>Company</b>	<b>Balance at 31.3.2020</b>	<b>Balance at 31.3.2019</b>
Equity share	GLENMARK PHARMACEUTICALS SK, s. r. o.	25 904	17 566

**4.5. Receivables****4.5.1. Trade receivables (ths CZK)**

The standard contracted payment term is 60 days.

	Balance at 31.3.2020	Balance at 31.3.2019
Domestic trade receivables	66 774	38 705
Foreign trade receivables	967 769	537 222
<b>Total (net of provision)</b>	<b>1 034 543</b>	<b>575 927</b>

## Aging of trade receivables

	Balance at 31.3.2020	Balance at 31.3.2019
Not yet due	680 390	277 788
Overdue	354 153	298 139
<i>thereof overdue more than 365 days</i>	<i>2 467</i>	<i>3 797</i>
<b>Total (net of provision)</b>	<b>1 034 543</b>	<b>575 927</b>

Bad debt provision

The company has recorded bad debt provision for overdue receivables in the amount of 1 996 ths CZK as at March 31, 2020.

**4.5.2. Other short-term receivables**

Other short-term receivables in the amount of 23 130 ths CZK are loans provided to the companies in the group and related interest as at March 31, 2020. The other long-term receivables as at March 31, 2019 were in the amount of 41 837 ths CZK– loans given in the group and short-term receivables and interest receivable on loans provided to other group companies.

**4.6. Liabilities****4.6.1. Short-term trade payables (ths CZK)**

The standard credit term is 14 days.

	31.3.2020	31.3.2019
Domestic trade payables	156 595	90 668
Foreign trade payables	470 174	207 633
<b>Total</b>	<b>626 769</b>	<b>298 301</b>

## Aging of trade payables

	31.3.2020	31.3.2019
Not yet due	469 528	236 315
Overdue	157 241	61 986
<i>thereof overdue more than 365 days</i>	<i>860</i>	<i>198</i>
<b>Total</b>	<b>626 769</b>	<b>298 301</b>

The company has not recorded any liabilities for social and health insurance which would not be settled till following month.

**4.6.2. Long-term other liabilities**

Long-term liability as at March 31, 2020 of CZK 134 646 ths CZK is recorded at net present value. Related interest expense is recognised in income statement over its maturity. This liability relates to out of court settlement related to one the Company's products.

**4.6.3. Liabilities due to employees**

The company has recorded as at March 31, 2020 liabilities due to employees in the value of 4 698 ths CZK, particularly unpaid salaries for March 2020. Liabilities due to employees as at March 31, 2019 were recorded in the value of 3 218 ths CZK.

**4.6.4. Tax payables**

The company has recorded as at March 31, 2020 the taxes payable in the value of 623 ths CZK, thereof due for withholding tax 71 ths CZK, due for personal income tax 476 ths CZK and due VAT in Poland in the amount of 76 ths CZK.

Taxes payable as at March 31, 2019 were recorded in the value of 369 ths CZK.

#### 4.6.5. Accrued liabilities

The company has recorded as at March 31, 2020 accrued liabilities in the value of 105 743 ths CZK primarily for not invoiced services and awaited corrections of purchase prices to the products sold, so-called price-reco during the year ending March 31, 2020.

Accrued liabilities as at March 31, 2019 were recorded in the value of 35 512 ths CZK.

#### 4.6.6. Short-term other liabilities

The company has recorded the short-term other liability in the amount of ths CZK 46 288, which represents short-term part of liability described in the point 4.6.2.

#### 4.7. Provisions (ths CZK)

	31.3.2020	31.3.2019
Provision for unspent holiday	2 767	2 289
Provision for MSA	121 536	120 825
<b>Total</b>	<b>124 303</b>	<b>123 114</b>

Provision for MSA is created for contribution to cover distribution costs related to the goods sold to distribution companies in the group in the current year. Distribution companies have these goods in stock at March 31, 2020. The provision ensures matching of expenses and revenues.

#### 4.8. Contingent liabilities

The company has contingent liabilities from operative leasing in the amount of ths CZK 4 312 as at March 31, 2020, which are not recorded in the balance sheet; as at March 31, 2019 were liabilities from operative leasing in the amount of ths CZK 2 018.

**4.9. Income from operations (ths CZK)**

	<b>2020</b>	<b>2019</b>
Revenues – finished goods	415 300	334 151
Revenues – services	50 583	41 885
Revenues – merchandise	1 172 838	1 218 973
Proceeds from sale of tangible assets	365 147	15
Proceeds from sale of raw materials	695	-
Other income	10 673	4 975
<b>Total</b>	<b>2 015 236</b>	<b>1 599 999</b>

Revenues from sale of finished goods and services according to the geographical structure:

	<b>2020</b>	<b>2019</b>
Czech Republic	58 619	58 341
Slovak Republic	32 818	23 246
Poland	55 718	62 299
Germany	128 123	158 600
Romania	1 978	2 037
Great Britain	136 739	43 201
Sweden	8 874	2 774
Other	43 014	25 538
<b>Total</b>	<b>465 883</b>	<b>376 036</b>

**4.10. Expenses**Services

Services include primarily MSA costs, which are paid to the distribution companies as a contribution for compensation of costs connected with the sale of the regulated products, which are purchased by the distribution companies in the group of Glenmark and also costs for legal services.

Other operating expenses

Other operating expenses for the year ended March 31, 2020 in the value of 46 724 ths CZK, include mainly compensation paid by the Company to other company in Group due to the sale of part of its product portfolio to third party outside Glenmark Group. There are also insurance charges, shortages and damages, scrapping costs. For the year ended March 31, 2019 they amount to 7 409 ths CZK, and include mainly insurance charges, shortages and damages and cost of sale of distribution rights.

#### 4.10.1. Auditor remuneration

The company has concluded the agreement for audit services with Grant Thornton Audit, s.r.o., registered by Chamber of Auditors of the Czech republic as the authorized company with license no. 085, with seat Jindřišská 16, 110 00 Praha 1. Remuneration for the auditor amounts based on the signed agreement to 500 ths CZK.

#### 4.10.2. Current and deferred tax

The company created tax loss for the financial year ended March 31, 2020.

The Company booked the deferred tax in the amount 57 406 ths CZK as at March 31, 2020; as at March 31, 2019 was posted deferred tax in the amount of 114 214 ths CZK.

Deferred tax (in ths CZK)	31.3.2020	31.3.2019
RV Tangible and intangible assets	21 796	9 429
Other provisions and adjustments	29 688	29 613
Accumulated tax losses	5 922	75 172
<b>Total</b>	<b>57 406</b>	<b>114 214</b>

**5. STAFF COSTS**

Average number of company employees as at March 31, 2020: 113, statutory representative wasn't employee of the Company.

Average number of company employees as at March 31, 2019: 101, statutory representative wasn't employee of the Company

	<b>31.3.2020</b> <b>(in ths CZK)</b>	<b>31.3.2019</b> <b>(in ths CZK)</b>
Payroll costs	54 514	45 283
Social security and health insurance costs	18 236	14 986
Social costs	3 904	3 492
<b>Total</b>	<b>76 654</b>	<b>63 761</b>

**6. POST BALANCE SHEET EVENTS**

The Company assessed all possible impacts on its financial results of measures implemented in the Czech Republic in respect of SARS-CoV-2 (COVID 19) outbreak. Considering all available information and estimates it assessed impact in all important areas including availability and procurement of goods, sales and human resources. Based on that analysis it was concluded that there is no impairment of going concern assumption based on which financial statements as at 31.3.2020 are prepared.



# **Annual Report**

**for the reporting period from 1 April  
2019 to 31 March 2020**

**Glenmark Pharmaceuticals s.r.o.**

**Hvězdova 1716/2b, Praha 4, 140 78**

## **1. General information**

Glenmark Pharmaceuticals s.r.o. (hereinafter the “Company”), IČ 465 05 164 was registered in the Commercial register on 6 May 1992. The registered address of the company is Hvězdova 1716/2b, Praha 4, 140 78.

### Principal activities of the Company:

- Distribution of pharmaceuticals and medical equipment,
- Chemical analyses,
- manufacturing of pharmaceutical preparations,

### Sole shareholder of the Company:

The sole shareholder of the Company is Glenmark Holdings SA, La Chaux-de-Fonds, Chemin de la Combeta 5, Switzerland as of March 31, 2020.

### Statutory representative of the Company:

Oliver Henry Bourne (since November, 1 2014)

Andrzej Gondek (since May, 12 2017)

Achin Gupta (since May, 12 2017)

Ajay Varshney (since November, 19 2019)

The accounting period of the company is the fiscal year starting April 1 and ending March 31.

## **2. Post balance sheet events**

The Company assessed all possible impacts on its financial results of measures implemented in the Czech Republic in respect of SARS-CoV-2 (COVID 19) outbreak. Considering all available information and estimates it assessed impact in all important areas including availability and procurement of goods, sales and human resources. Based on that analysis it was concluded that there is no impairment of going concern assumption based on which financial statements as at 31.3.2020 are prepared.

### 3. Group information

Glenmark group (hereinafter “Glenmark”) is a research-driven, global, integrated pharmaceutical company. Glenmark is a leading player in the discovery of new molecules both NCEs (new chemical entity) and NBEs (new biological entity) with five molecules in various stages of clinical development. Glenmark has a significant presence in branded generics markets across emerging economies including India. Its subsidiary, Glenmark Generics Limited has a fast growing and robust US generics business, where the new factory was opened in 2017. The subsidiary also markets APIs to regulated and semi-regulated countries. Glenmark employs nearly 10000 people in over 80 countries. It has thirteen manufacturing facilities in four countries and has five R&D centres.

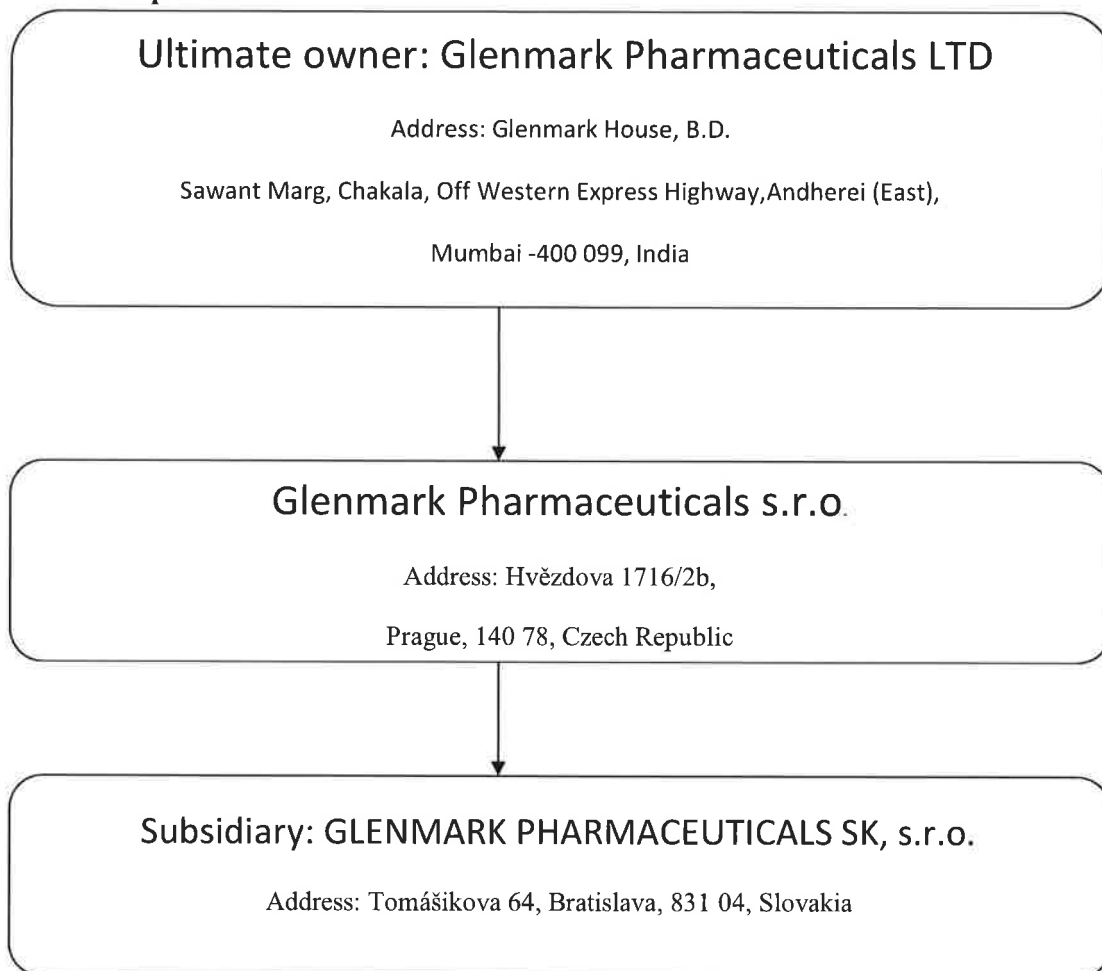
Since 2000 Glenmark is listed on the stock exchange in India and it is currently ranked among the World's top 100 Pharma & Biotech companies.

Glenmark’s ground-breaking drug discovery effort is primarily focused in the areas of inflammation, metabolic disorders and pain. Glenmark has a robust pipeline of 13 molecules in various stages of preclinical & clinical development. Of these, eight molecules are in clinical trials. Glenmark has actively followed the strategy of out-licensing its molecules in clinical development to large multinational pharmaceutical organizations. This out-licensing strategy has been successful so far. This business has three dedicated R&D centres. Discovery research for New Chemical Entities (NCEs) is carried out at its state-of-the-art research centre at Navi Mumbai, India. Glenmark’s biopharmaceutical research is carried out at its R&D facility in Switzerland. The centre is dedicated to the discovery and development of novel monoclonal antibodies (mAbs).

Glenmark has also invested in another state-of-the-art R&D facility in Oxford, UK for molecules in clinical development. The R&D facility will serve as Glenmark’s global centre for clinical development for both small molecules (NCEs) and biologics (NBEs).

Glenmark’s formulations business is currently organized around four regions – India, Latin America, Central Eastern Europe and Semi Regulated Markets of Africa/Asia/CIS. The formulations business focuses on therapeutic areas viz. dermatology, anti-infectives, respiratory, cardiac, diabetes, gynaecology, CNS, and oncology.

#### 4. Group structure



#### 5. Evaluation of the reporting period

The situation in the pharmaceutical market segment did not avoid the general impacts associated with the COVID-19 pandemic. This global situation has increased the demands on processes that maintain the continuity of production of individual preparations. The fundamental impact on the functionality of the company was the imposition of restrictive measures concerning the movement of people not only with regard to its own employees, but also in connection with the closure of school facilities. Increased demands on the use of protective equipment were not a major problem for a company operating in strict GMP requirements. Despite all the restrictions, the company managed to meet the expected deliveries for our partners. Equally successful were audits of state authorities covering GMP and ISO standards.

Development of the financial situation and economic management is captured in the financial statements which constitute part of the annual report.

## **6. Anticipated development**

The strategy set in the past year remains unchanged and will continue to be aimed at ensuring maximum service support for individual countries, despite ongoing restrictions regarding to COVID-19 in the area of logistics processes resulting from the global interdependence of the pharmaceutical industry. Industry constraints in China and India will continue to have an impact on the availability of API as well as on logistics processes to ensure product transfer from the company's manufacturing sites in India.

Efforts to maximize efficiency and optimize the product portfolio provided by the manufacturing facility will continue. In connection with another installed packaging line, the following period will be used to transfer packaging operations for other molecules.

Several customer audits are expected this year. Similarly, a recertification audit of ISO standards will take place.

## **7. Environmental protection**

The Company does not provide any activity with the significant impact on the environment. The Company complies with the local legislation with respect to the environmental area. As part of its activities, the Company makes every effort to minimise negative environmental impacts.

## **8. Labor relations**

In the reporting period, the company was not in the insolvency and fulfilled its obligations towards Authorities, suppliers and employees properly. There no violation on the field of labor relations, the Company was not involved in any legal dispute related to the employees. In the Company isn't any Labor union founded. Further information are stated in the Notes to the financial statements.

## **9. Organisational branch abroad**

The Company has no organisational branch abroad.

## 10. Research and development

The Company does not conduct any research and development activities.

In Prague, on 04 -06- 2020

  
Andrzej Gondek  
Statutory representative



## Report on relationships between a controlling and a controlled entity

*pursuant to Section 82 of the Corporations law*

between **Glenmark Pharmaceuticals Limited, India**, as the end controlling entity, and **Glenmark Pharmaceuticals s.r.o., Czech Republic**, as the controlled entity and between Glenmark Pharmaceuticals s.r.o., Czech Republic, and other companies controlled by Glenmark Pharmaceuticals Limited, India, for the accounting period from 1 April 2018 to 31 March 2020.

In accordance with Section 82 of Act No. 90/2012 Coll., as amended, the Executive of Glenmark Pharmaceuticals s.r.o., a company with its registered seat at Hvězdova 1716/2b, Prague 4, Company ID No.: 465 05 164, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 150331 (hereinafter the “controlled entity”) is submitting this report on relations between Glenmark Pharmaceuticals Limited, (hereinafter the “controlling entity”), as the end controlling entity and the controlled entity and between the controlled entity and other entities controlled by Glenmark Pharmaceuticals Limited for the accounting period from 1 April 2019 to 31 March 2020.

Other entities, controlled by Glenmark Pharmaceuticals Limited, India, for the accounting period are understood particularly as these companies:

- Glenmark Pharmaceuticals SK, s.r.o., Slovakia
- Glenmark Pharmaceuticals, Sp.z.o.o, Poland
- Glenmark Pharmaceuticals S.r.l., Romania
- Glenmark Holding SA, Switzerland
- Glenmark Pharmaceuticals Ltd., India
- Glenmark Pharmaceuticals (Europe) Ltd., UK
- Glenmark Pharmaceuticals SA, Switzerland
- Glenmark Pharmaceuticals Distribution, Czech Republic
- VISO Farmaceutica S.L.U., Spain
- and other companies within the Glenmark group.

As of 31 March 2020, Glenmark Pharmaceuticals s.r.o., Czech Republic, was controlled 100% by Glenmark Holding SA, Switzerland.

As of 31 March 2020, Glenmark Holding SA, Switzerland, was controlled 100% by Glenmark Pharmaceuticals Limited, India.

As of 31 March 2020, Glenmark Pharmaceuticals SK, s.r.o., Slovakia, was controlled 100% by Glenmark Pharmaceuticals s.r.o., Czech Republic.

As of 31 March 2020, all of the companies named above were controlled 100 % by Glenmark Pharmaceuticals Limited, India, as the end controlling entity and comprise a concern together with them.

The companies have not entered into a controlling agreement.

Between the connected entities in the sense of Section 82 of Act No. 90/2012 Coll., as amended, the following agreements were entered into, the following measures were taken and the following legal acts were performed:

***Agreements:***

**Glenmark Generics Limited, India**

- Distribution agreement – the agreement governs the sale of products and goods between the controlled entity and Glenmark Generics Limited

**Glenmark Pharmaceuticals, Sp.z o.o, Poland**

- Master Service Agreement – an agreement on provision of marketing services between the controlled entity and Glenmark Pharmaceuticals, Sp. z o.o.
- Sale and Purchase Agreement relating to certain of the assets – compensation agreement between the controlled entity and Glenmark Pharmaceuticals, Sp. z o.o. about marketing and other services related with the sale of licences

**Glenmark Pharmaceuticals, S.r.l., Romania**

- Distribution agreement – the agreement governs the sale of products and goods between the controlled entity and Glenmark Pharmaceuticals, S.r.l.
- Master Service Agreement – an agreement on provision of marketing services between the controlled entity and Glenmark Pharmaceuticals, S.r.l.

**Glenmark Pharmaceuticals SK, s.r.o., Slovakia**

- Distribution agreement – the agreement governs the sale of products and goods between the controlled entity and Glenmark Pharmaceuticals SK, s.r.o.
- Master Service Agreement – an agreement on provision of marketing services between the controlled entity and Glenmark Pharmaceuticals SK, s.r.o.

**Glenmark Holding SA, Switzerland**

- Loan agreement – the agreement governs the provision of a long-term loan to the controlled entity by Glenmark Holding SA

**Glenmark Pharmaceuticals (Europe) Ltd., UK**

- Technical agreement – the agreement governs rebilling of costs related to testing selected products of Glenmark Pharmaceuticals (Europe) Ltd.



**Glenmark Pharmaceuticals Distribution s. r. o.**

- Distribution agreement - the agreement governs the sale of goods between the controlled entity and Glenmark Pharmaceuticals Distribution s.r.o.
- Marketing cooperation agreement – on provision of marketing services
- Service Agreement – agreement about accounting and administrative services
- Loan Agreement – agreement regarding long-term loan in Glenmark group

*Overview of transactions of the controlling entity or from contractual relationships between the controlled entities which have more than 10% share on equity in controlling entity according to the last known financial statements:*

<i>Costs and revenues</i>	<b>As of 31.3.2020</b>	<b>As of 31.3.2019</b>
	<b>ths CZK</b>	<b>ths CZK</b>
<b>Costs:</b>		
Purchase of goods	251 624	180 028
Marketing services	728 552	535 557
Other operating expense	22 819	0
<b>Total</b>	<b>1 002 995</b>	<b>715 585</b>
<b>Revenues:</b>		
Sale of products	415 300	330 443
Sale of goods	1 151 144	1 208 346
Services	47 923	35 422
Other operational revenues	3 619	0
Interest revenue	1 351	4 882
<b>Total</b>	<b>1 619 337</b>	<b>1 579 093</b>

***Balance of receivables and obligations of the controlled entity from contractual relationships between the controlled entity and connected entities:***

<b><i>Trade receivables</i></b>		
	<b>As of 31.3.2020</b>	<b>As of 31.3.2019</b>
	<b>ths CZK</b>	<b>ths CZK</b>
Glenmark Pharmaceuticals SK, s.r.o.	53 723	34 818
Glenmark Pharmaceuticals, Sp.z.o.o	331 401	300 849
Glenmark Pharmaceuticals S.r.l.	58 765	55 602
Glenmark Pharmaceuticals (Europe)	60 471	27 630
Glenmark Arzneimittel GmbH	18 521	26 270
Glenmark Pharmaceutical LTD	9 990	476
Viso Pharmaceutica S.L.U.	13 531	766
Glenmark Pharma Nordic (SE)	36 307	67 856
Glenmark Pharmaceuticals B.V.	9 940	17 445
Glenmark Pharmaceuticals INC., USA	0	6
Glenmark Pharm. Distribution	66 152	38 460
Glenmark Generics S. A.	1 911	0
<b><i>Total</i></b>	<b>660 712</b>	<b>570 181</b>

<b><i>Trade payables</i></b>		
	<b>As of 31.3.2020</b>	<b>As of 31.3.2019</b>
	<b>ths CZK</b>	<b>ths CZK</b>
Glenmark Pharmaceuticals SK, s.r.o.	0	0
Glenmark Pharmaceuticals, Sp.z.o.o	105 978	70 549
Glenmark Pharmaceuticals S.r.l.	13 475	12 827
Glenmark Generics S. A.	925	851
Glenmark Pharmaceuticals Ltd.	141 297	4 759
Glenmark Pharmaceuticals (Europe)	106 869	52 212
Glenmark Arzneimittel GmbH	5 000	1 817
Glenmark Pharmaceuticals B.V.	4 333	2 517
Glenmark Pharmaceuticals Nordic AB	4 308	2 463
Glenmark Pharm. Distribution	119 997	78 550
<b><i>Total</i></b>	<b>502 182</b>	<b>226 545</b>

**Balances related to the financial investment:**

***Financial Investment***

	<b>As of 31.3.2020</b>	<b>As of 31.3.2019</b>
	<b>ths CZK</b>	<b>ths CZK</b>
Glenmark Pharmaceuticals SK, s.r.o.	25 904	17 566

Revaluation of financial investments was done through equivalence.

Glenmark Pharmaceuticals s.r.o. did not suffer any harm from its relationships with connected entities during the finished period.

In Prague, on 04 -06- 2020

  
Andrzej Gondek  
Statutory representative