

# **Glenmark Specialty SA Neuchâtel**

Report of the Statutory Auditor  
to the General Meeting of the Shareholders

Financial Statements for the year ended March 31, 2023



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## **Report of the Statutory Auditor**

To the General Meeting of the Shareholders of  
**Glenmark Specialty SA, Neuchâtel**

### **Opinion**

We have audited the financial statements of Glenmark Specialty SA, which comprise the balance sheet as at March 31, 2023, and the income statement and the cashflow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the Company's articles of incorporation.

### **Basis for opinion**

We conducted our audit in accordance with Swiss law and the Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards 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 provisions of Swiss law, together with the requirements of the Swiss audit profession, 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.

### **Board of Directors' Responsibilities for the Financial Statements**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors 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 Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors 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 Swiss law and SA-CH 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 Swiss law and SA-CH, 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.
- Conclude on the appropriateness of the Board of Directors' 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.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 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 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.

We further draw your attention to the fact that the Board of Directors did not call for the ordinary general meeting of the shareholders within 6 months following the Company's financial year-end closing date for the year to March 31, 2022 as prescribed by article 699 paragraph 2 CO.

Geneva, September 26, 2023

**Grant Thornton AG**

Mohamed Kadri  
Audit expert  
Auditor in charge

Moritz Herbst  
Auditor

#### Enclosures:

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



# **Glenmark**

A new way for a new world

## **Financial Statements**

according to Swiss Code of Obligations

Company **Glenmark Specialty SA**  
**Neuchâtel, Switzerland**

Financial year **2022-2023**

Closing date **31.03.2023**



Glenmark Specialty SA  
Neuchâtel, Switzerland

Balance sheet as at	31.03.2023	31.03.2022
<b>Assets</b>		
	<i>(in Swiss francs)</i>	
<b><u>Current assets</u></b>		
Cash and cash equivalents	5 779 836	10 315 532
Accounts receivables	37 018 145	42 822 736
<i>due from third parties</i>	3 174 588	701 116
<i>due from group companies</i>	33 843 557	42 121 620
Other current receivables	211 406	178 579
<i>due from third parties</i>	211 406	178 579
<b>Total current assets</b>	<b>43 009 387</b>	<b>53 316 847</b>
<b><u>Non-current assets</u></b>		
Financial assets	4 501	7 502
Property, plant and equipment	3 127	4 679
Intangible assets	228 904 481	238 226 204
<b>Total non-current assets</b>	<b>228 912 109</b>	<b>238 238 385</b>
<b>Total assets</b>	<b>271 921 496</b>	<b>291 555 232</b>
<b><u>Short-term liabilities</u></b>		
Accounts payable	51 128 064	69 337 900
<i>due to third parties</i>	297 232	855 036
<i>due to group companies</i>	50 830 832	68 482 864
Other short-term liabilities	49 567	11 196
<i>due to third parties</i>	49 567	11 196
Accrued expenses and deferred income	621 398	161 743
<b>Total short-term liabilities</b>	<b>51 799 029</b>	<b>69 510 839</b>
<b><u>Long-term liabilities</u></b>		
Long-term interest-bearing liabilities	182 007 186	186 543 952
<i>due to shareholders</i>	182 007 186	186 543 952
Long-term provisions	6 660 377	5 471 559
<b>Total long-term liabilities</b>	<b>188 667 563</b>	<b>192 015 511</b>
<b><u>Shareholders' equity</u></b>		
Share capital	30 000 000	30 000 000
Legal reserves	1 444	-
<i>Other legal reserves - General reserve</i>	1 444	-
Voluntary Retained Earnings	1 453 460	28 882
<i>Profit / (Loss) carried forward</i>	27 438	(1 773 670)
<i>Profit for the year</i>	1 426 022	1 802 552
<b>Total shareholders' equity</b>	<b>31 454 904</b>	<b>30 028 882</b>
<b>Total liabilities and shareholders equity</b>	<b>271 921 496</b>	<b>291 555 232</b>



**Glenmark Specialty SA**  
Neuchâtel, Switzerland

**Profit and loss statement for the year ended**

31.03.2023

31.03.2022

*(in Swiss francs)*

Gross proceeds from sales of goods and services	76 656 380	57 182 725
Cost of sales	(41 811 041 )	(34 710 165 )
<b>Net proceeds from sales of goods and services</b>	<b>34 845 339</b>	<b>22 472 561</b>
Staff expenses	(3 311 221 )	(1 479 842 )
Administrative expenses	(33 876 )	(38 286 )
Depreciation and valuation adjustments to fixed assets	(13 921 151 )	(6 596 970 )
Other operating expenses	(7 033 973 )	(7 211 724 )
<b>Operating expenses</b>	<b>(24 300 221 )</b>	<b>(15 326 822 )</b>
<b>Profit for the year before interest and taxes</b>	<b>10 545 118</b>	<b>7 145 738</b>
Financial income	3 206 830	4 808 829
Financial expenses	(12 145 188 )	(10 123 871 )
<b>Profit for the year before taxes</b>	<b>1 606 760</b>	<b>1 830 696</b>
Direct Taxes	(180 738 )	(28 144 )
<b>Profit for the year</b>	<b>1 426 022</b>	<b>1 802 552</b>

**Glenmark Specialty SA**

Neuchâtel, Switzerland

**Cash flow statement for the year ended**

	31.03.2023	31.03.2022
	<i>(in Swiss francs)</i>	
Profit for the Year	1 426 022	1 802 552
Depreciation and valuation adjustments to fixed assets	13 921 151	6 596 970
Net increase/decrease in short and long-term provisions	1 188 818	1 537 653
Net increase/decrease in current receivables	5 771 765	(30 663 114 )
Net increase/decrease in accrued income and prepaid expenses	-	10 566
Net increase/decrease in short-term liabilities (excluding financial liabilities)	(18 171 466 )	(39 169 610 )
Net increase/decrease in accrued expenses and deferred income	459 655	(2 978 929 )
<b>Cash flow from operating activities</b>	<b>4 595 945</b>	<b>(62 863 912 )</b>
Purchases of property, plant and equipment	(1 446 )	(4 428 )
Purchases of financial assets	3 001	2 830 571
Purchases of intangible assets	(4 596 430 )	(8 374 193 )
<b>Cash flow from investing activities</b>	<b>(4 594 875 )</b>	<b>(5 548 050 )</b>
Net increase/decrease in long-term financial liabilities	(4 536 766 )	75 922 572
<b>Cash flow from financing activities</b>	<b>(4 536 766 )</b>	<b>75 922 572</b>
<b>Net increase in cash and cash equivalents</b>	<b>(4 535 697 )</b>	<b>7 510 609</b>
<b>Statement of net increase in cash and cash equivalents</b>		
As at beginning of the period	10 315 532	2 804 923
As at end of the period	5 779 836	10 315 532
<b>Net increase in cash and cash equivalents</b>	<b>(4 535 697 )</b>	<b>7 510 609</b>



## **Glenmark Specialty SA**

Neuchâtel, Switzerland

### **Notes to the Financial Statements**

*(in Swiss francs)*

#### **NOTE 1 - GENERAL**

##### **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).

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **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.

##### **Fixed Assets (Property, plant and equipment)**

Fixed assets are stated at cost less accumulated depreciation and amortization.

##### **The estimated useful lives are as follows:**

Plant and equipment	2.5 Years
Furniture, fixtures and office equipment	2.5 Years
Vehicles	2.5 Years
Computer equipment	2.5 Years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

##### **Intangible Assets**

###### *Research and Development*

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably by project, the product or process is technically and commercially feasible, future economic benefits are probable, and the company intends to and has sufficient technical and other resources to complete the development and to use or sell the asset.

The expenditures capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in profit or loss as incurred.

The company's internal drug development expenditures are capitalized only if they meet the recognition criteria as mentioned above. Where regulatory and other uncertainties are such that the criteria are not met, the expenditures are recognized in profit or loss as incurred. This is almost invariably the case prior to approval of the drug by the relevant regulatory authority. Where, however, the recognition criteria are met, intangible assets are capitalized and amortized on a straight-line basis over their useful economic lives from product launch.

Intangible assets relating to products in development, other intangible assets not available for use and intangible assets, having indefinite useful life are subject to impairment testing at each balance sheet date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognized immediately in the income statement.



### *Amortization*

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than for goodwill, intangible assets not available for use and intangible assets having indefinite life, from the date that they are available for use.

### **The estimated useful lives are as follows:**

- Molecules: 10 years from the date of the launch on the market
- IP on Brands 5 years from acquisition

### **Impairment of Assets**

The company assesses at each balance sheet date whether there is any indication that the 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.

### **Revenue recognition**

All income whether for goods or services, operating or non-operating needs to be accounted for on accrual basis except for molecule sales which will be accounted on cash basis.

## **NOTE 3 - INFORMATION ON BALANCE SHEET AND INCOME STATEMENT**

### **Intangible assets**

The intangible asset position in the balance sheet consists of Intellectual property rights in products for CHF 82'544'699 (March 31, 2022: CHF 96'461'483 ) and molecules under development for CHF 146'359'782 (March 31, 2022: CHF 141'764'721).

### **Full-Time Equivalents**

The annual average number of full-time equivalents for the reporting year and previous year is less than 10.

### **Liabilities due to pension fund**

The amounts payable at March 31, 2023 and March 31, 2022 in respect of statutory pension obligations are CHF 0.

## **NOTE 4 - OTHER INFORMATION**

### **Group VAT**

Since January 2021, Glenmark Holding SA (GHSA) and Glenmark Specialty SA (GSSA) are in the same VAT Group and jointly responsible.

### **Audit Fees**

Audit fees for FY 2023 amount to CHF 36'000 ( CHF 36'000 for FY 2022)



### Long-term interest-bearing liabilities

Glenmark Specialty SA shall repay to Glenmark Holding SA the loan within five years from April 1, 2021 or such extended period as may be mutually agreed between the parties.

	<b>31.03.2023</b>	<b>31.03.2022</b>
Due within 5 years	182 007 186	186 543 952
Due after 5 years	-	-
<b>Total long-term interest-bearing liabilities</b>	<b>182 007 186</b>	<b>186 543 952</b>

### NOTE 5 - SIGNIFICATION EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events that occurred after the balance sheet date that require disclosure.



**Glenmark Specialty SA**

Neuchâtel, Switzerland

**Proposed appropriation of available earnings  
(in Swiss francs)**

**31.03.2023**

<b>Retained earnings at the beginning of the year</b>	<b>27 438</b>
Profit for the year	1 426 022
<b>Retained earnings available to the general meeting</b>	<b>1 453 460</b>

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

**31.03.2023**

<b>Retained earnings available to the general meeting</b>	<b>1 453 460</b>
Allocated to legal reserves	(71 301)
Distribution of dividends to shareholders	-
<b>Carried forward to new account</b>	<b>1 382 159</b>