

**BIOCON SA**

**DELÉMONT**

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**Report of the statutory auditor**  
On the limited statutory examination  
of March 31, 2020

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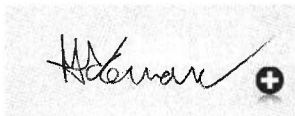
**Report of the statutory auditor on the limited statutory examination to  
Biocon SA of March 31, 2020**

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of Biocon SA for the financial year ended at March 31, 2020.


These financial statements are the responsibility of Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

**MAZARS SA**

Michael Ackermann  
Licensed Audit Expert  
(Auditor in charge)



Loïc Erard  
Licensed Audit Expert

Neuchâtel, June 25, 2020

**Enclosures**

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

BIOCON SA  
Rue de l'Avenir 2  
2800 Delémont

<b>BALANCE SHEET</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
<b>ASSETS</b>	<b>CHF</b>	<b>CHF</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	435'673	602'015
Trade receivables	3'232'733	3'316'128
Third parties	497'630	510'467
Group companies	2'735'103	2'805'661
Other current receivables	867	6'094
VAT on other expenses	503	5'721
Withholding tax	364	373
Accrued income and prepaid expenses	1	85'994
<b>TOTAL CURRENT ASSETS</b>	<b>3'669'274</b>	<b>4'010'231</b>
<b>CAPITAL ASSETS</b>		
Long-term financial assets	58'946'634	60'467'292
Biocon SDN.BHD (convertible preferred shares)	58'946'634	60'467'292
Intangible fixed assets	582'210	895'817
Marketing rights	54	56
Intangibles under development	582'156	895'761
<b>TOTAL CAPITAL ASSETS</b>	<b>59'528'844</b>	<b>61'363'109</b>
<b>TOTAL ASSETS</b>	<b>63'198'118</b>	<b>65'373'340</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>CURRENT BORROWED CAPITAL</b>		
Trade creditors	17'459	44'309
Third parties	17'459	44'309
Other current liabilities	-	24'707
Other payables	-	24'707
Accrued expenses	77'288	120'846
Accrued liabilities and deferred income	77'288	120'846
<b>TOTAL CURRENT BORROWED CAPITAL</b>	<b>94'747</b>	<b>189'862</b>
<b>LONG-TERM BORROWED CAPITAL</b>		
Conversion differences	1'310'989	2'936'741
<b>TOTAL LONG-TERM BORROWED CAPITAL</b>	<b>1'310'989</b>	<b>2'936'741</b>
<b>SHAREHOLDER'S EQUITY</b>		
Share-capital	100'000	100'000
Statutory retained earnings	32'591	32'591
Retained earnings	62'114'146	61'585'968
(Loss)/Profit for the year	-454'355	528'178
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>61'792'382</b>	<b>62'246'737</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>63'198'118</b>	<b>65'373'340</b>

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<b>INCOME STATEMENT</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>CHF</b>	<b>CHF</b>
Net proceeds from sales of services	-	-
Recharge of development expenses	-	-
<b>TOTAL OPERATING REVENUE</b>	-	-
Development charges	-77'369	-246'525
Amortisation of intangible assets	-300'000	-296'325
Administration expenses	-14'058	-170'946
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>-391'427</b>	<b>-713'796</b>
<b>OPERATING RESULT</b>	<b>-391'427</b>	<b>-713'796</b>
Financial expenses	-20'610	-16'316
Interest paid, bank charges	-13'032	-3'182
Exchange loss	-7'578	-13'134
Financial income	5'592	2'312
Creditor interests	526	1'418
Exchange gain	5'066	894
Extraordinary income	-	1'256'102
Extraordinary expenses	-15	-124
<b>RESULT BEFORE TAXES</b>	<b>-406'460</b>	<b>528'178</b>
Direct taxes	-47'895	-
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b>-454'355</b>	<b>528'178</b>

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## **NOTES TO THE FINANCIAL STATEMENTS**

### **Accounting and valuation principles**

#### **General**

Accounting principles of the company comply with the Swiss law. The accounting is held in USD (Functional currency). At the closing date, balance sheet and income statement figures are converted in CHF.

#### **Long-term financial assets**

The Long-term financial asset represents a non-cumulative redeemable convertible preferred shares (NCRCPs) which is recognized at nominal value.

Biocon Sdn Bhd, a related party, has set-up a biopharmaceutical facility in Johor, Malaysia. The Malaysian facility will be used to manufacture the Biosimilar insulin analogs. Biocon SA has financed a part of this construction through the subscription of NCRCPs without voting rights issued by Biocon SDN.BHD.

From a Swiss accounting point of view, the NCRCPs are treated as a long-term financial asset as an investment classification for such instrument does not exist under Swiss law. However, on the basis of tax ruling received from the Swiss tax authorities, the NCRCPs are treated as an equity instrument from a Swiss tax point of view.

#### **Intangibles fixed assets**

Intangible assets are recognized at the purchase value. Marketing rights are amortized over 5 years using the straight line method.

### **Information relating items of the balance sheet and profit and loss account**

	<b>31.03.2020</b>	<b>31.03.2019</b>
	CHF	CHF
<b>Extraordinary income</b>		
Reversal of Accrued expenses due termination of contract	-	<b>1'256'102</b>
<b>Extraordinary expenses</b>		
Stamp Duty on sale of shares	-	-
Miscellaneous	-	-
	-	-
<b>Other information required by the law</b>		
<b>Conversion of financial statements in foreign currency:</b>		
Exchange rates used for conversion in functional currency (USD):		
1 EUR Closing rate	0.891	0.810
1 GBP Closing rate	-	-
1 CHF Closing rate	0.995	1.000
Exchange rates used for the conversion in CHF:		
Balance sheet Closing rate 1 USD	CHF 0.9703	CHF 0.9953
Equity Historical	Historical	Historical
Profit and loss account Average annual rate 1 USD	CHF 1.0000	CHF 0.9878

#### **Number of employees**

The company had no full time equivalent employee as of 31 March 2020

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<b><i>PROPOSED APPROPRIATION OF RETAINED EARNINGS</i></b>	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>CHF</b>	<b>CHF</b>
The Board of Directors proposes the following appropriation of the retained earnings:		
Profit carried forward	62'114'146	61'585'968
(Loss)/Profit for the year	-454'355	528'178
<b>Retained earnings</b>	<b>61'659'791</b>	<b>62'114'146</b>
<b>RETAINED EARNINGS CARRIED FORWARD</b>	<b>61'659'791</b>	<b>62'114'146</b>