

Registered number: 07316221

EGALET LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

EGALET LIMITED

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EGALET LIMITED

COMPANY INFORMATION

Directors	Mr R Radie (resigned 23 October 2019) Mr S Musial (resigned 28 October 2018) Mr M Strobeck (appointed 28 December 2018) Mr T Smith (appointed 23 October 2019)
Registered number	07316221
Registered office	Dechert LLP 160 Queen Victoria St London EC4V 4QQ
Independent auditors	BDO LLP Chartered Accountants and Statutory Auditors 55 Baker Street London W1U 7EU

EGALET LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the Egalet Limited (the 'Company') is that of the development of innovative pharmaceutical products utilising its proprietary delivery technologies.

Branch

The Company operates through a branch in Denmark.

Directors

The directors who served during the year were:

Mr R Radie (resigned 23 October 2019)
Mr S Musial (resigned 28 October 2018)
Mr M Strobeck (appointed 28 December 2018)

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EGALET LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

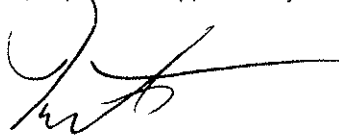
Auditors

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Mr M Strobeck
Director

Date: ~~18/12/18~~ 18 December 2019

EGALET LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EGALET LIMITED

Opinion

We have audited the financial statements of Egalet Limited (the 'Company') for the year ended 31 December 2018, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, 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.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements which indicates further funds will be required to finance the company's planned work programme. The Company has made losses since inception, it is in a net liabilities position as at 31 December 2018 and it is reliant on funding from its parent company. As stated in note 2.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

EGALET LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EGALET LIMITED (CONTINUED)

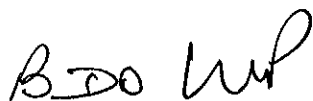
Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Willis (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor
London

Date: 20 December 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

EGALET LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EGALET LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

EGALET LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 DKK000	2017 DKK000
Revenue		145	145
Gross profit		145	145
Administrative expenses		(26,060)	(118,050)
Operating loss		(25,915)	(117,905)
Interest receivable and similar income		864	5,869
Interest payable and expenses		(12,622)	(12,959)
Loss before tax		(37,673)	(124,995)
Loss for the financial year		(37,673)	(124,995)

There was no other comprehensive income for 2018 (2017: DKK NIL).

The notes on pages 11 to 21 form part of these financial statements.

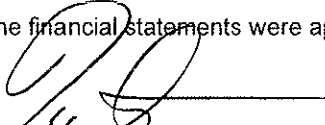
EGALET LIMITED
REGISTERED NUMBER: 07316221

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 DKK000	2017 DKK000
Fixed assets			
Intangible assets	6	7,622	12,342
Tangible assets	7	28	3,153
		<u>7,650</u>	<u>15,495</u>
Current assets			
Debtors	8	6,211	6,095
Cash at bank and in hand		6,242	18,908
		<u>12,453</u>	<u>25,003</u>
Creditors: amounts falling due within one year	9	(2,479)	(4,838)
Net current assets		<u>9,974</u>	<u>20,165</u>
Total assets less current liabilities		<u>17,624</u>	<u>35,660</u>
Creditors: amounts falling due after more than one year	10	(686,571)	(673,912)
Net liabilities		<u>(668,947)</u>	<u>(638,252)</u>
Capital and reserves			
Called up share capital	11	15,409	15,409
Share premium		83,332	83,332
Capital contribution reserve		47,963	42,524
Other reserves		34,189	32,650
Profit and loss account		(849,840)	(812,167)
		<u>(668,947)</u>	<u>(638,252)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


 Mr M Strobeck
 Director

Date: ~~15/12/18~~ 18 December 2019

The notes on pages 11 to 21 form part of these financial statements.

EGALET LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital DKK000	Share premium account DKK000	Capital redemption reserve DKK000	Other reserves DKK000	Profit and loss account DKK000	Total equity DKK000
At 1 January 2018	15,409	83,332	42,524	32,650	(812,167)	(638,252)
Comprehensive income						
Loss for the year	-	-	-	-	(37,673)	(37,673)
Total comprehensive income/(expense)						
Capital contributions	-	-	-	1,539	-	1,539
Capital contributions	-	-	5,439	-	-	5,439
Total transactions with owners						
	-	-	5,439	1,539	-	6,978
At 31 December 2018	15,409	83,332	47,963	34,189	(849,840)	(668,947)

The notes on pages 11 to 21 form part of these financial statements.

EGALET LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital DKK000	Share premium DKK000	Capital contribution reserve DKK000	Other reserves DKK000	Profit and loss account DKK000	Total equity DKK000
At 1 January 2017	15,409	83,332	29,970	25,422	(687,172)	(533,039)
Comprehensive income						
Loss for the year	-	-	-	-	(124,995)	(124,995)
Total comprehensive income/(expense)					(124,995)	(124,995)
Capital contributions	-	-	-	7,228	-	7,228
Capital contributions	-	-	12,554	-	-	12,554
Total transactions with owners			12,554	7,228	-	19,782
At 31 December 2017	15,409	83,332	42,524	32,650	(812,167)	(638,252)

The notes on pages 11 to 21 form part of these financial statements.

EGALET LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

Egalet Limited is a private company, limited by shares, domiciled in England and Wales.

The registered office and number is as stated on page 1.

The principal activity of the Company is that of the development of innovative pharmaceutical products utilising its proprietary delivery technologies.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Company has made losses since inception and at 31 December 2018 has net liabilities of DKK 661.8m (2017 – DKK 638.3m). The Company requires funding to continue its operations and these have historically been provided by its parent company.

Whilst it is the intention of the parent company to continue to fund the Company's operations, the issue above raises material uncertainty about the ability of the parent to fund the Company and hence whether the Company can continue as a going concern for the foreseeable future. The financial statements do not include any adjustments should the going concern basis not be applicable.

2.3 Revenue

Revenue comprises the fair value of licence fees and is recognised over the contract period.

EGALET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to profit or loss over its useful economic life of 5 years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life as follows:

Patents - between 5 and 7 years

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery - 5-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentation currency is Danish Krone.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.8 Share based payments

Share based compensation payments are issued to employees and charged to profit or loss using an option pricing model for estimating fair value. Accordingly, share based compensation expense is measured based upon the estimated fair value of the awards on the date of grant, net of forfeitures. Charges are recognised on a straight-line basis over the period in which the option will vest.

Stock based compensation under the restricted stock awards scheme is determined based upon the closing market price of common stock of the parent company on the grant date of the awards applied to the total number of awards anticipated to vest.

2.9 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

EGALET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and future benefits can be determined with reasonable certainty.

All other expenditure in respect of research and development is written off in the year in which it is incurred.

2.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the Company to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The directors have reviewed the financial statements and consider that there are no material judgments or key sources of estimation uncertainty.

EGALET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

4. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Manufacturing	-	4
Quality assurance	-	1
Analytical development	-	6
Pharmaceutical development	2	4
Intellectual property	1	2
HR and finance	1	3
	<hr/>	<hr/>
	4	20
	<hr/>	<hr/>

During the year, no director received any emoluments (2017 - DKK Nil).

EGALET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in Denmark of 22% (2017 - 22%). The differences are explained below:

	2018 DKK000	2017 DKK000
Loss on ordinary activities before tax	<u>(37,673)</u>	<u>(124,995)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (2017 - 22%)	(8,288)	(27,499)
Effects of:		
Changes in non-recognised deferred tax assets	8,288	27,499
Total tax charge for the year	<u>-</u>	<u>-</u>

The Company is subject to taxation in Denmark and the United Kingdom.

Tax losses of DKK 583.1 million (2017 - DKK 573.7 million) are available for offset against future trading profits with the potential deferred tax on these amounts, calculated using the current tax rates in Denmark of 22% (2017 - 22%), being DKK 144.4 million (2017 - DKK 134.4 million).

Due to the uncertainty of whether these tax losses can be utilised in the future no deferred tax asset has been recognised.

EGALET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Intangible assets

	Patents DKK000	Goodwill DKK000	Total DKK000
Cost			
At 1 January 2018	20,047	5,349	25,396
At 31 December 2018	<u>20,047</u>	<u>5,349</u>	<u>25,396</u>
Amortisation			
At 1 January 2018	7,705	5,349	13,054
Charge for the year	4,720	-	4,720
At 31 December 2018	<u>12,425</u>	<u>5,349</u>	<u>17,774</u>
Net book value			
At 31 December 2018	<u>7,622</u>	<u>-</u>	<u>7,622</u>
At 31 December 2017	<u>12,342</u>	<u>-</u>	<u>12,342</u>

EGALET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. Tangible fixed assets

	Plant and machinery DKK000
Cost or valuation	
At 1 January 2018	3,241
Disposals	(2,932)
At 31 December 2018	<u>309</u>
Depreciation	
At 1 January 2018	88
Charge for the year on owned assets	193
At 31 December 2018	<u>281</u>
Net book value	
At 31 December 2018	<u>28</u>
At 31 December 2017	<u>3,153</u>

8. Debtors

	2018 DKK000	2017 DKK000
Other debtors	6,125	6,037
Prepayments and accrued income	86	58
	<u>6,211</u>	<u>6,095</u>

EGALET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

9. Creditors: amounts falling due within one year

	2018 DKK000	2017 DKK000
Trade creditors	126	134
Corporation tax	18	18
Other creditors	9	24
Accruals and deferred income	2,326	4,662
	<u>2,479</u>	<u>4,838</u>

10. Creditors: amounts falling due after more than one year

	2018 DKK000	2017 DKK000
Amounts owed to parent company	88,700	73,867
Amounts owed to fellow subsidiary	597,302	599,476
Accruals and deferred income	569	569
	<u>686,571</u>	<u>673,912</u>

11. Share capital

	2018 DKK000	2017 DKK000
Allotted, called up and fully paid		
5,893,140 (2017 - 5,893,140) Ordinary shares of €0.01 each	15,409	15,409
	<u>15,409</u>	<u>15,409</u>

EGALET LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Share based payments

Certain employees are entitled to receive compensation under the Egalet Corporation share-based long term incentive plan. Under this scheme employees of the company have received restricted stock and stock options in the parent company, Egalet Corporation.

The measurement price for restricted stock granted is the market price of common stock of Egalet Corporation at the date of grant, there is no exercise price. Restricted stock vest 3 years from the date of grant, conditional on the employee remaining employed by the Company.

On 5 February 2014 and 1 May 2014 the Company granted 139,200 shares and 257,800 shares of restricted stock at a grant date fair value of \$12 per share and \$11.15 per share respectively. The cost recognised as a charge in the accounts in respect of these shares is DKK 2.6 million (2016 - DKK 7.3 million).

Details of share options issued in the parent company are as follows:

On 23 October 2014 and 18 December 2014 the Company issued 39,500 and 75,000 options with an exercise price of \$6.47 and \$5.33 respectively.

On 1 December 2015 the Company issued 23,000 options with an exercise price of \$10.63.

On 4 January 2016, 1 April 2016 and 1 July 2016 the Company issued 77,500, 7,500 and 3,000 options with an exercise price of \$10.98, \$6.89 and \$5.10 respectively.

On 3 January 2017 and 8 June 2017 the Company issued 47,500 and 45,000 options with an exercise price of \$7.96 and \$2.38 respectively.

On 19 March 2018 the Company issued 19,000 options with an exercise price of \$0.92.

Options can be exercised at the rate of 25% per annum, so long as the employee remains with the Company, and the period in which the option has to be exercised is 10 years. The charge recognised in the accounts is DKK 1.5 million (2017 - DKK 4.6 million).

13. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	DKK000	DKK000
Within 1 year	29	175
	29	175

14. Related party transactions

The directors who served during the year, Mr Robert Radie, Mr Stan Musial and Mr Mark Strobeck, were remunerated through the parent company.

EGALET LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Subsequent events

During 2019, the Company terminated most of its Denmark-based operations and reduced its staff to one employee.

16. Controlling party

At 31 December 2018 the ultimate parent undertaking and controlling party was Egalet Corporation, incorporated in the United States of America, and its registered office is 600 Lee Road, Suite 100, Wayne, PA 19087, USA.

Egalet Corporation was renamed Zyla Life Sciences on 3 June 2019.

