Brønnøysundregistrene

# ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

| | |
|---|---|
| **Enheten** | |
| Organisasjonsnummer: | 920 766 072 |
| Organisasjonsform: | Norskreg. utenlandsk foretak |
| Foretaksnavn: | ASPEN PHARMA IRELAND LIMITED NORWAY BRANCH |
| Forretningsadresse: | c/o Advokatfirmaet PwC AS<br>Dronning Eufemias gate 8<br>0191 OSLO |
| **Regnskapsår** | |
| Årsregnskapets periode: | 01.07.2019 - 30.06.2020 |
| **Konsern** | |
| Morselskap i konsern: | Nei |
| **Regnskapsregler** | |
| Regler for små foretak benyttet: | Ja |
| Benyttet ved utarbeidelsen av årsregnskapet til selskapet: | Regnskapslovens alminnelige regler |
| **Årsregnskapet fastsatt av kompetent organ** | |
| Bekreftet av representant for selskapet: | Mads Tang Dalsgaard |
| Dato for fastsettelse av årsregnskapet: | 30.09.2020 |

**Grunnlag for avgivelse**

År 2020: Årsregnskapet er elektronisk innlevert

År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 05.08.2022

# Resultatregnskap

| Beløp i: EUR | Note | 2020 | 2019 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Salgsinntekt | 11 | 429 538 000 | 419 786 000 |
| Annen driftsinntekt | | 95 000 | 216 000 |
| **Sum inntekter** | | **429 633 000** | **420 002 000** |
| **Kostnader** | | | |
| Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer | 12 | 343 189 000 | 325 483 000 |
| Annen driftskostnad | 12 | 93 302 000 | 84 840 000 |
| **Sum kostnader** | | **436 491 000** | **410 323 000** |
| **Driftsresultat** | | **-6 858 000** | **9 679 000** |
| Annen finanskostnad | 16 | 2 350 000 | 757 000 |
| **Sum finanskostnader** | | **2 350 000** | **757 000** |
| **Netto finans** | | **-2 350 000** | **-757 000** |
| **Ordinært resultat før skattekostnad** | | **-9 208 000** | **8 922 000** |
| Skattekostnad på ordinært resultat | 17 | -233 000 | 3 515 000 |
| **Ordinært resultat etter skattekostnad** | | **-8 975 000** | **5 407 000** |
| **Årsresultat** | | **-8 975 000** | **5 407 000** |
| **Overføringer og disponeringer** | | | |
| Overføringer til/fra annen egenkapital | | -8 975 000 | 5 407 000 |
| **Sum overføringer og disponeringer** | | **-8 975 000** | **5 407 000** |

## Balanse

| Beløp i: EUR | Note | 2020 | 2019 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter | 3 | 17 000 | 43 000 |
| Utsatt skattefordel | 4 | 277 000 | 266 000 |
| **Sum immaterielle eiendeler** | | **294 000** | **309 000** |
| **Varige driftsmidler** | | | |
| Right of use assets (leases under IFRS 16) | 2 | 2 970 000 | 0 |
| Driftsløsøre, inventar, verktøy, kontormaskiner og lignende | 1 | 251 000 | 412 000 |
| **Sum varige driftsmidler** | | **3 221 000** | **412 000** |
| **Finansielle anleggsmidler** | | | |
| **Sum finansielle anleggsmidler** | | | **0** |
| **Sum anleggsmidler** | | **3 515 000** | **721 000** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| Varer | 5 | 79 013 000 | 90 878 000 |
| **Sum varer** | | **79 013 000** | **90 878 000** |
| **Fordringer** | | | |
| Kundefordringer | 6 | 98 855 000 | 105 020 000 |
| Andre fordringer | 6 | 2 037 000 | 2 136 000 |
| **Sum fordringer** | | **100 892 000** | **107 156 000** |
| **Investeringer** | | | |
| Intercompany receivables | 8 | 17 445 000 | 17 312 000 |
| Current tax assets | | 2 606 000 | 347 000 |
| **Sum investeringer** | | **20 051 000** | **17 659 000** |
| **Bankinnskudd, kontanter og lignende** | | | |
| Bankinnskudd, kontanter og lignende | 7 | 16 046 000 | 15 376 000 |
| **Sum bankinnskudd, kontanter og lignende** | | **16 046 000** | **15 376 000** |

# Balanse

| Beløp i: EUR | Note | 2020 | 2019 |
|---|---|---|---|
| **Sum omløpsmidler** | | **216 002 000** | **231 069 000** |
| **SUM EIENDELER** | | **219 517 000** | **231 790 000** |
| | | | |
| **BALANSE - EGENKAPITAL OG GJELD** | | | |
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Selskapskapital | 9 | 42 001 000 | 42 001 000 |
| **Sum innskutt egenkapital** | | **42 001 000** | **42 001 000** |
| **Opptjent egenkapital** | | | |
| Retained Income | 9 | 16 346 000 | 25 321 000 |
| Non distributable reserves | | 2 125 000 | 2 125 000 |
| **Sum opptjent egenkapital** | | **18 471 000** | **27 446 000** |
| **Sum egenkapital** | | **60 472 000** | **69 447 000** |
| **Gjeld** | | | |
| **Langsiktig gjeld** | | | |
| **Annen langsiktig gjeld** | | | |
| Lease liabilities (under IFRS 16) | 2 | 2 080 000 | 0 |
| **Sum annen langsiktig gjeld** | | **2 080 000** | **0** |
| **Sum langsiktig gjeld** | | **2 080 000** | **0** |
| **Kortsiktig gjeld** | | | |
| Leverandørgjeld | 10 | 151 801 000 | 155 900 000 |
| Kortsiktig konserngjeld | 8 | 4 215 000 | 6 443 000 |
| Lease liabilities (under IFRS 16) | 2 | 949 000 | |
| **Sum kortsiktig gjeld** | | **156 965 000** | **162 343 000** |
| **Sum gjeld** | | **159 045 000** | **162 343 000** |
| **SUM EGENKAPITAL OG GJELD** | | **219 517 000** | **231 790 000** |

Brønnøysundregistrene

## ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

| | |
|---|---|
| Journalnummer: | 2021 816775 |

### Enheten

| | |
|---|---|
| Organisasjonsnummer: | 920 766 072 |
| Organisasjonsform: | Norskreg. utenlandsk foretak |
| Foretaksnavn: | ASPEN PHARMA IRELAND LIMITED NORWAY BRANCH |
| Forretningsadresse: | c/o Advokatfirmaet PwC AS<br>Dronning Eufemias gate 8<br>0191 OSLO |

### Regnskapsår

| | |
|---|---|
| Årsregnskapets periode: | 01.07.2019 - 30.06.2020 |

### Konsern

| | |
|---|---|
| Morselskap i konsern: | Nei |

### Regnskapsregler

| | |
|---|---|
| Regler for små foretak benyttet: | Ja |
| Benyttet ved utarbeidelsen av årsregnskapet til selskapet: | Regnskapslovens alminnelige regler |
| Har utarbeidet 'land-for-land' rapport: | Ja |

### Årsregnskapet fastsatt av kompetent organ

| | |
|---|---|
| Bekreftet av representant for selskapet: | Mads Tang Dalsgaard |
| Dato for fastsettelse av årsregnskapet: | 30.09.2020 |

### Grunnlag for avgivelse

År 2020: Årsregnskap er elektronisk innlevert.
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020.

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 09.10.2021

**Brønnøysundregistrene**
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

**Organisasjonsnr: 920 766 072**
**ASPEN PHARMA IRELAND LIMITED**
**NORWAY BRANCH**

## RESULTATREGNSKAP

| Beløp i: EUR | Note | 2020 | 2019 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Salgsinntekt | 11 | 429 538 000 | 419 786 000 |
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**Organisasjonsnr: 920 766 072**
**ASPEN PHARMA IRELAND LIMITED**
**NORWAY BRANCH**

## BALANSE

| Beløp i: EUR | Note | 2020 | 2019 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter | 3 | 17 000 | 43 000 |
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| **SUM EIENDELER** | | **219 517 000** | **231 790 000** |

**BALANSE - EGENKAPITAL OG GJELD**

| | | | |
|---|---|---|---|
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Selskapskapital | 9 | 42 001 000 | 42 001 000 |
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**Organisasjonsnr: 920 766 072**
**ASPEN PHARMA IRELAND LIMITED**
**NORWAY BRANCH**

## NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

**Note**
1-4

**Regnskapsprinsipper**
Please refer to the attached financial statements page 15 - 23

**Note**
9

**Antall aksjer og aksjeeiere**

| Aksjeklasse | Ant. aksjer | Pålydende | Bokført verdi |
|---|---|---|---|
| Ordinary shares | 42001.00 | 1.00 | 42001.00 |

| Aksjeeiere - fritekst | Antall | Eierandel | Aksjeklasse |
|---|---|---|---|
| AGI | 42001.00 | 100.00% | Ordinary shares |

| Sum | Sum antall | Sum eierandel |
|---|---|---|
| | 42001.00 | 100.00% |

**Note**
14

**Lønn og ytelser**

| Lønn | Årets | Fjorårets |
|---|---|---|
| | 9898000.00 | 12282000.00 |

| Arbeidsgiveravgift | Årets | Fjorårets |
|---|---|---|
| | 1465000.00 | 1574000.00 |

| Andre ytelser | Årets | Fjorårets |
|---|---|---|
| | 2580000.00 | 3568000.00 |

| Sum lønnskostnader | Årets | Fjorårets |
|---|---|---|
| | 13943000.00 | 17424000.00 |

**Note**
15

**Ytelser til ledende personer**

**Ytelser til daglig leder**

| Ytelser | Lønn | Pensj.forpl. | Andre godtgj. |
|---|---|---|---|

| | | |
|---|---|---|
| 1263000.00 | 95000.00 | 95000.00 |

Director remuneration

**Note**
13

**Ytelser til revisjon**

| Revisjon | Årets | Fjorårets |
|---|---|---|
| | 165000.00 | 164000.00 |

| Andre tjenester | Årets | Fjorårets |
|---|---|---|
| | 0.00 | 0.00 |

| Sum godtgjørelse til revisor | Årets | Fjorårets |
|---|---|---|
| | 165000.00 | 164000.00 |

**Note**

**Antall årsverk i regnskapsåret**

**Virksomheten har hatt følgende antall årsverk:**

**Note**

**Obligatorisk tjenestepensjon**
Er virksomheten pliktig til å ha tjenestepensjonsordning etter lov:
Ja

Oppfyller pensjonsordning lovkravene: Ja

This is applicable for the branch employees only

**Note**
8

**Konsern, tilknyttet selskap og datterselskap**

**Tilknyttet selskap/datterselskap**

| Navn og adresse | Eierandel | Stemmeandel | Egenkapital | Resultat |
|---|---|---|---|---|
| AGI | 100.00% | 100.00% | 42001.00 | |

AGI is the parent of APIL

**Note**
17

**Skattekostnad**

**Resultatført skatt på ordinært resultat**

| Skattekostnad ordinært resultat | Årets | Fjorårets |
|---|---|---|
| | 233000.00 | -3515000.00 |

**Skattepliktig inntekt**

| Skattepliktig inntekt | Årets | Fjorårets |
|---|---|---|
| | -9208000.00 | 8922000.00 |

**Betalbar skatt i balansen**

| Sum betalbar skatt i balansen | Årets | Fjorårets |
|---|---|---|
| | 0.00 | 0.00 |

**Note**
6

**Kundefordringer**

| Kundefordringer til pålydende 31.12. | Årets | Fjorårets |
|---|---|---|
| | 99612000.00 | 106190000.00 |

| Delkrederavsetning 31.12. | Årets | Fjorårets |
|---|---|---|
| | -757000.00 | -1170000.00 |

| Kundefordringer 31.12. | Årets | Fjorårets |
|---|---|---|
| | 98855000.00 | 105020000.00 |

**Note**
19.2

**Virkelig verdi av finansielle instrumenter**

| Eiendel | Bokf. verdi | Virk. verdi |
|---|---|---|
| Cash and cash equivialence | 16046000.00 | 16046000.00 |
| Trade and other receivables | 98855000.00 | 98855000.00 |
| Amount due from group companies | 17445000.00 | 17445000.00 |

| Sum | Bokf. verdi | Virk. verdi |
|---|---|---|
| | 132346000.00 | 132346000.00 |

**Note**
1

**Varige driftsmidler/anleggsmidler**

**Driftsløsøre, inventar o.l. er forkortet til: "Drift/inv"**

**Maskiner og anlegg er forkortet til: "Mask/anl"**

**Tomter, bygninger og annen fast eiendom er forkortet til: "T/B/AFE"**

| Anskaff. kost 01.01. | Drift/inv | Mask/anl | T/B/AFE | Sum |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| | 3101000.00 | | | |

| Tilgang i året | Drift/inv | Mask/anl | T/B/AFE | Sum |
|---|---|---|---|---|
| | 29000.00 | | | |

| Avgang i året | Drift/inv | Mask/anl | T/B/AFE | Sum |
|---|---|---|---|---|
| | 0.00 | | | |

| Anskaff. kost 31.12. | Drift/inv | Mask/anl | T/B/AFE | Sum |
|---|---|---|---|---|
| | 3130000.00 | | | |

| Akk.av-/nedskr.01.01. | Drift/inv | Mask/anl | T/B/AFE | Sum |
|---|---|---|---|---|
| | -2689000.00 | | | |

| Akk.av-/nedskr.31.12. | Drift/inv | Mask/anl | T/B/AFE | Sum |
|---|---|---|---|---|
| | -2879000.00 | | | |

| Akk.rev.nedskr.31.12. | Drift/inv | Mask/anl | T/B/AFE | Sum |
|---|---|---|---|---|
| | 0.00 | | | |

| Bal.ført verdi 31.12. | Drift/inv | Mask/anl | T/B/AFE | Sum |
|---|---|---|---|---|
| | 251000.00 | | | |

| Årets av-/nedskrivn. | Drift/inv | Mask/anl | T/B/AFE | Sum |
|---|---|---|---|---|
| | -190000.00 | | | |

| Økonomisk levetid | Drift/inv | Mask/anl | T/B/AFE |
|---|---|---|---|
| | 1-4 years | | |

This represents furniture fixture, office equipment and computer hardware

**Note**
9

**Egenkapital**

**Aksjekapital er forkortet til: "Aksjekap"**

**Annen innskutt egenkapital er forkortet til: "A.innsk.EK"**

| Egenkap. 31.12. forrige år | Aksjekap | Overkurs | A.innsk.EK |
|---|---|---|---|
| | 42001000.00 | | 2125000.00 |

| Egenkapital 31.12. | Aksjekap | Overkurs | A.innsk.EK |
|---|---|---|---|
| | 42001000.00 | | 2125000.00 |

**Egenkapital**

**Opptjent egenkapital er forkortet til: "Opptj.EK"**

| Egenkap. 31.12. forrige år | Opptj.EK | Udekket tap | Sum |
|---|---|---|---|
| | 25321000.00 | | 69447000.00 |

| Årsresultat | Opptj.EK | Udekket tap | Sum |
|---|---|---|---|

| | Opptj.EK | Udekket tap | Sum |
|---|---|---|---|
| | -8975000.00 | | -8975000.00 |
| Egenkapital 31.12. | Opptj.EK | Udekket tap | Sum |
| | 16346000.00 | | 60472000.00 |

**Note**
19-23

**Noteopplysninger ut over minimumskravene for små foretak**
Please refer to the financial statement page 34-41

**ASPEN PHARMA IRELAND LIMITED**
**(Incorporated in Ireland)**
**Registration number: 525086**

**ANNUAL FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2020**

**ASPEN PHARMA IRELAND LIMITED**

**ANNUAL FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2020**

**COMPANY INFORMATION**

| | |
|---|---|
| Board of Directors at report date: | Alan Quinn<br>Naudé de Klerk<br>Chris Botha |
| Registered Office: | One George's Quay Plaza<br>Dublin 2 |
| Registered Number: | 525086 |
| Auditors: | PricewaterhouseCoopers<br>Chartered Accountants and Statutory Auditors<br>One Spencer Dock, North Wall Quay, Dublin 1, Ireland |
| Bankers: | Bank of Ireland<br>50-55, Baggot Street Lower,<br>Dublin 2 |
| | BNP Paribas S.A Niederlassung Deutschland<br>Europa-Allee 12 - 60327, Frankfurt am Main<br>Germany |
| | BNP Paribas S.A. - Sofia Branch<br>2 Tsar Osvoboditel Blvd, p.b. 11, Sofia 1000<br>Bulgaria |
| | BNP Paribas S.A.<br>Montagne du Parc 3 , 1KB3D - 1000 Brussels<br>Belguim |
| | BNP Paribas Fortis<br>SA/NV Niederlassung Österreich Herrengasse 1-3, 1010 Vienna<br>Austria |
| | BNP Paribas S.A. Paris Sucursala Bucuresti<br>Bucuresti, str. Banul Antonache nr.40-44, etaj 5, sector 1<br>Romania |
| | BNP Paribas<br>10 Harewood Avenue London NW1 6AA<br>United Kingdom |
| | BNP-Paribas Magyarországi fióktelepe<br>Széchenyi István tér 7-8. 1051 Budapest<br>Hungary |
| | BNP Paribas<br>S.A 5 Georges Dock, IFSC Dublin 1<br>Ireland and Italy |
| | Bank BGŻ BNP Paribas SA<br>02-683 Warszawa<br>Poland |
| | Tatra banka, a.s.<br>Hodžovo nám. 3 811 06 Bratislava<br>Slovakia |

**ASPEN PHARMA IRELAND LIMITED**

**ANNUAL FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2020**

**COMPANY INFORMATION** continued

| | |
|---|---|
| Bankers (continued): | BNP Paribas S.A. Denmark, Filial af BNP Paribas S.A. Frankrig<br>Adelgade 12, 3. DK - 1304 Copenhagen K<br>Denmark |
| | Nybrokajen 5, 111 48 Stockholm, Sweden<br>Sweden |
| | Munkedamsveien 35<br>0250 Oslo<br>Norway |
| Solicitors | A & L Goodbody<br>North Wall Quay<br>Dublin 1 |

**ASPEN PHARMA IRELAND LIMITED**

**ANNUAL FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2020**

**Contents**

ASPEN PHARMA IRELAND LIMITED

**REPORT OF THE DIRECTORS**
**FOR THE YEAR ENDED 30 JUNE 2020**

The directors present their report and the financial statements of Aspen Pharma Ireland Limited ("the Company") for the financial year ended 30 June 2020.

**Statement of directors' responsibilities**
The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law. Irish law requires the directors to prepare financial statements for each financial year giving a true and fair value of the Company's assets and liabilities and financial position at the end of the financial year and the profit or loss of the Company for the financial year. Under that law the directors have prepared the financial statements in accordance with IFRS as adopted by the European Union (EU IFRS) and with those parts of the Companies Act 2014 applicable to companies reporting under EU IFRS. Under Irish law the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Company for the financial year. In preparing these financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;
• make judgements and estimates that are reasonable and prudent;
• state whether the financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, subject to any material departures disclosed and explained in the new notes to the financial statements and ensure that they contain the additional information required by the Companies Act 2014; and
• 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:
• correctly record and explain the transactions of the Company;
• enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
• enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors 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.

**Accounting records**
The measures taken by the directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at One George's Quay Plaza Dublin 2.

**Results and dividends**
The Company's loss after tax for the financial year ended 30 June 2020 was €8,974,745 (2019 profit: €5,406,915).

No dividends were declared during the current financial year (2019: €5,000,000)

**Principal activities and business review**
Aspen Pharma Ireland Limited is part of Aspen Pharmacare Holdings Limited, a JSE listed South Africa based company and holds the sales and distribution rights for Europe & CIS ("Commonwealth of Independent States") countries. The product portfolio includes anaesthetics, anti-thrombotic, oncology, hormonals, cardiovascular, immunosuppressant, anti -gout agents, endocrine.

Revenue for the year increased to €430 million, up 2% compared to prior year close of €420 million. During the 2020 financial year, there was a significant increase in the inter-company sales from APIL to Aspen Spain entity of +€ 11 million due to transition of the Thrombosis business along with full calendar year impact of operations on the Spanish entity. There was also an increase in inter-company sales to Aspen Germany of +€ 5M driven by higher supplies on the Anesthetics brands, partially Covid-19 driven and regularization of Citanest supply in the financial year.

The Company's FY20 sales were also positively impacted by the transition of Turkey business into to the entity accounting for +€ 5 million of additional sales vs. prior year. The Anesthetics therapeutic area also saw an overall increase of +€ 6 million vs. prior year driven by the higher demand on Covid-19 related brands such as Diprivan (+€ 5 million) and Ultiva (+€ 4 million) in specific markets such as UK, Italy and NORDICS. These gains were however partially offset by a decline in other brands such as EMLA of (€ 2 million) and Xylocaine (€ 1 million) across various markets primarily due to Covid-19 driven lower demand. Thrombosis sales (excluding inter-company sales) were down (€ 12 million) in FY20 and were significantly impacted towards the last quarter of the year due to operations being postponed / cancelled and competitor pricing pressure. The Fraxiparine brand was the key driver of the sales decline driving (€ 11 million) of the total decline primarily in CEE and BENELUX regions. During FY20 the Company also divested the Fludrocortisone brand (March 20) to Mylan resulting in lower sales of (€ 3 million) vs. prior year primarily impacting UK.

The total gross margin in the current year closed at 20%, compared to 22% in the prior financial year. The decline in margins is primarily driven by the significant increase in inter-company sales (being done at NIL margins) along with additional stock write off provisions (partially driven by higher stock due to Covid-19 impact), inventory revaluation and pricing dilution in FY20.

**ASPEN PHARMA IRELAND LIMITED**

**REPORT OF THE DIRECTORS**
**FOR THE YEAR ENDED 30 JUNE 2020**

| **Leading brands** | | | | |
|---|---|---|---|---|
| **Brand name** | **Classification** | **Therapeutic category** | **Therapeutic application** | **2020 Revenue (€)** |
| 1 Fraxiparine | Pharmaceutical | Thrombosis | Prevention of Clotting | 115,039,368 |
| 2 Mono-E | Pharmaceutical | Thrombosis | Prevention of Clotting | 41,661,762 |
| 3 Arixtra | Pharmaceutical | Thrombosis | Prevention of Clotting | 38,822,467 |
| 4 Xylocaine | Pharmaceutical | Anesthetics | Topical and local anesthetic | 27,514,264 |
| 5 Emla | Pharmaceutical/OTC | Anesthetics | Topical and local anesthetic | 18,658,054 |
| 6 Imuran | Pharmaceutical | High Potency And Cytotoxics | Organ Transplant | 18,149,224 |
| 7 Purinethol | Pharmaceutical | High Potency And Cytotoxics | Cancer therapy | 17,230,224 |
| 8 Diprivan | Pharmaceutical | Anesthetics | Propofol used for Anesthesia | 15,628,318 |
| 9 Ovestin | Pharmaceutical | High Potency And Cytotoxic | Women's healthcare product | 15,294,668 |
| 10 Ultiva | Pharmaceutical | Anesthetics | Analgesic agent used for anesthesia | 14,066,203 |

**Research and development**
The Company is not currently undertaking any research or development.

**Future developments**
There will be a transition of the Turkey market related sales to other Aspen operating entity's. In addition there is the potential discontinuation of certain Fraxi products in select markets given significant increase in Heparin costing.

**Operational risk**
The Company's business involves the supply of pharmaceutical product to the European and CIS markets. The Company is impacted by economic growth of these markets, adequate supply of product, activities of competitors and regulatory issues. The Company manages this risk through ensuring a sufficient pipeline of product to the market, appropriate levels of advertising and marketing and trade compliance in the European and CIS markets. The Company's regulatory team ensure the Company meets its obligations on regulatory matters.

**Financial risk management**
The Company is exposed to foreign currency risk, liquidity risk, credit risk and market risk arising from its financial instruments. Financial risk management details are set out in note 19.

The policies implemented by the company's finance department are aligned to the applicable Group financial risk management policies.

**Post year-end events**
The boards of Aspen Global Incorporated ("AGI") and Aspen Pharmacare Holdings Limited have decided to approve the divestment of the commercialisation rights and related intellectual property relating to Aspen's Thrombosis Business in Europe ("European Thrombosis Business"). AGI's thrombosis products are sold under the brand names, and variations of the brand names, Arixtra, Fraxiparine, MonoEmbolex and Orgaran ("the Products") in Europe. Mylan has retained AGI (via its subsidiary, Aspen France SAS) as its distributor of these products in France.

**Other matters**
Please refer to note 21 for more detail on potential disputed matters.

**ASPEN PHARMA IRELAND LIMITED**

**REPORT OF THE DIRECTORS**
**FOR THE YEAR ENDED 30 JUNE 2020**

**Going concern and impact of COVID-19**
The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Company is both liquid and solvent. The Directors have also considered the potential implications of COVID-19 in their assessment of the entity's ability to continue as a going concern and whereas the situation is still evolving, they believe that it will not have a significant adverse effect on the business. There have been no immediate material shocks to the business that require adjustments or disclosures in the financial statements for the year ended 30 June 2020.

**Directors**
The names of the persons who were directors at any time during the financial year ended 30 June 2020 and to the date of the report, are set out below. Unless indicated otherwise they have served for the entire year and up to date of this report.

Alan Quinn
Derek Davies (resigned on 01 February 2020)
Petra Gabriele Schaller (resigned on 15 January 2020)
Dennis Dencher (resigned on 15 August 2019)
Chris Botha (appointed on 15 August 2019)
Naudé de Klerk

**Directors' and secretary's interests**
The directors and secretary and their families have no disclosable interests in the share capital of the Company, or the Company's parent company or any other Group company at 30 June 2020.

**Directors' compliance statement**
The directors acknowledge that they are responsible for securing the company's compliance with its relevant obligations.

The directors confirm that ;
• A compliance policy statement setting out the Company's policies, that in our opinion are appropriate to the Company, has been drawn up.
• Appropriate arrangements or structures that are designed to secure material compliance with the Company's relevant obligations have been put in place.
• A review of the arrangements and structures referred to at second point above has been conducted during the financial year ended 30 June 2020.

**Disclosure of information to auditors**
The directors in the office at the date of this report have each confirmed that :
• As far as directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
• Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of this information.

**Audit committee**
The ultimate holding Company, Aspen Pharmacare Holdings Limited assumes the functions of the audit committee for all group companies and as such, no audit committee for the Company was established as this was deemed adequate.

**Statutory auditors**

The Group's Audit & Risk Committee has recommended, and the Board has endorsed, the proposed appointment of Ernst & Young Inc. (EY) as the auditors of Aspen Pharmacare Holdings Limited for the financial year ending 30 June 2021. This appointment of EY will be put to the shareholders of Aspen Pharmacare Holdings Limited at the annual general meeting scheduled for the 09 December 2020.

Alan Quinn
Director
21 October 2020

Naudé de Klerk
Director

**ASPEN PHARMA IRELAND LIMITED**

**STATEMENT OF FINANCIAL POSITION**
**AT 30 JUNE 2020**

| | Notes | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 1 | **251** | 412 |
| Right of use assets | 2 | **2,970** | - |
| Intangible assets | 3 | **17** | 43 |
| Deferred tax assets | 4 | **277** | 266 |
| **Total non-current assets** | | **3,515** | 721 |
| **Current assets** | | | |
| Inventories | 5 | **79,013** | 90,878 |
| Trade and other receivables | 6 | **100,892** | 107,156 |
| Cash and cash equivalents | 7 | **16,046** | 15,376 |
| Amounts due from group companies | 8 | **17,445** | 17,312 |
| Current tax assets | | **2,606** | 347 |
| **Total current assets** | | **216,002** | 231,069 |
| **Total assets** | | **219,517** | 231,790 |
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' equity** | | | |
| Share capital | 9 | **42,001** | 42,001 |
| Retained income | | **16,346** | 25,321 |
| Non-distributable reserves | | **2,125** | 2,125 |
| **Total shareholders' equity** | | **60,472** | 69,447 |
| **Non-current liabilities** | | | |
| Lease liabilities | 2 | **2,080** | - |
| **Total non current liabilities** | | **2,080** | - |
| **Current liabilities** | | | |
| Trade and other payables | 10 | **151,801** | 155,900 |
| Lease liabilities | 2 | **949** | - |
| Amounts due to group companies | 8 | **4,215** | 6,443 |
| **Total current liabilities** | | **156,965** | 161,916 |
| **Total equity and liabilities** | | **219,517** | 231,790 |

Alan Quinn
Director
21 October 2020

Naudé de Klerk
Director

**ASPEN PHARMA IRELAND LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 30 JUNE 2020**

| | Notes | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| Revenue | 11 | **429,538** | 419,786 |
| Cost of sales | 12 | **(343,189)** | (325,483) |
| **Gross profit** | | **86,349** | 94,303 |
| Other operating income | | **95** | 216 |
| Administrative expenses | 12 | **(27,065)** | (25,792) |
| Selling and distribution expenses | 12 | **(35,876)** | (38,738) |
| Other operating expenses | 12 | **(30,361)** | (20,310) |
| **Operating (loss)/profit** | | **(6,858)** | 9,679 |
| Financing costs | 16 | **(2,350)** | (757) |
| **(Loss)/profit before tax** | | **(9,208)** | 8,922 |
| Tax | 17 | **233** | (3,515) |
| **(Loss)/Profit for the year** | | **(8,975)** | 5,407 |

There are no other comprehensive income adjustments, therefore (loss)/profit after tax equals total comprehensive (loss) income.

**ASPEN PHARMA IRELAND LIMITED**

**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 30 JUNE 2020**

| | Share capital | Non-distributable reserves | Retained income | Total equity |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| Balance at 1 July 2018 | 42,001 | 2,125 | 24,914 | 69,040 |
| Dividend paid | - | - | (5,000) | (5,000) |
| Total comprehensive income for the year | - | - | 5,407 | 5,407 |
| **Balance at 30 June 2019** | 42,001 | 2,125 | 25,321 | 69,447 |
| Balance at 1 July 2019 | **42,001** | **2,125** | **25,321** | **69,447** |
| Total comprehensive loss for the year | **-** | **-** | **(8,975)** | **(8,975)** |
| **Balance at 30 June 2020** | **42,001** | **2,125** | **16,346** | **60,472** |

**ASPEN PHARMA IRELAND LIMITED**

**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 30 JUNE 2020**

| | Notes | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | A | 8,319 | 4,439 |
| Tax paid | B | (2,037) | (1,975) |
| Net financing cost paid | | (2,350) | (757) |
| **Cash generated from operating activities** | | 3,932 | 1,707 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (36) | (148) |
| Proceeds on disposal of property, plant and equipment | | - | 23 |
| Net cash inflow/(outflows) - amounts due from group companies | | 133 | (15,970) |
| **Cash generated from investing activities** | | 97 | (16,095) |
| **Cash flows from financing activities** | | | |
| Net cash (outflow)/inflows - amounts due to group companies | | (2,228) | 535 |
| Dividends paid | | - | (5,000) |
| Other financing activities | | - | 9 |
| Repayment of interest-bearing borrowings | | (356) | - |
| Repayment of lease liability | | (775) | - |
| **Cash used in financing activities** | | (3,359) | (4,456) |
| Movement in cash and cash equivalents | | 670 | (18,844) |
| Cash and cash equivalents at the beginning of the year | | 15,376 | 34,223 |
| **Cash and cash equivalents at the end of the year** | C | 16,046 | 15,376 |

**ASPEN PHARMA IRELAND LIMITED**

**NOTES TO THE STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 30 JUNE 2020**

| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| | **NOTES TO THE STATEMENT OF CASH FLOWS for the period ended 30 June 2020** | | |
| **A** | **Cash generated from operations** | | |
| | Operating (loss)/profit for the year | **(6,858)** | 9,679 |
| | Adjusted for: | | |
| | Depreciation | **1,349** | 544 |
| | Amortisation of intangible assets | **26** | 70 |
| | IFRS 2 expense - cash settled | **(414)** | 7 |
| | Impairment charges - receivables | **(413)** | (136) |
| | Impairment charge - inventories | **(905)** | 1,757 |
| | Other non - cash items | **186** | 87 |
| | Cash operating (loss)/profit | **(7,029)** | 12,008 |
| | Changes in working capital | **15,348** | (7,569) |
| | Decrease in trade and other receivables | **6,677** | 13,831 |
| | Decrease/(increase) in inventories | **12,770** | (21,335) |
| | Decrease in trade and other payables | **(4,099)** | (65) |
| | Cash generated from operations | **8,319** | 4,439 |
| **B** | **Tax paid** | | |
| | Amounts overpaid at the beginning of the year | **347** | 1,965 |
| | Per income statement (excluding deferred taxation) | **222** | (3,593) |
| | Amounts overpaid at the end of the year | **(2,606)** | (347) |
| | | **(2,037)** | (1,975) |
| **C** | **Cash and cash equivalents** | | |
| | Cash in transit | **983** | (467) |
| | Bank balances | **15,063** | 15,843 |
| | | **16,046** | 15,376 |

**ASPEN PHARMA IRELAND LIMITED**

**ACCOUNTING POLICIES**
**FOR THE YEAR ENDED 30 JUNE 2020**

## 1 GENERAL INFORMATION

Aspen Pharma Ireland Limited is a limited liability company domiciled in Ireland and incorporated on 13 March 2013. The Company is a wholly owned subsidiary of Aspen Global Incorporated ("parent company"), which is incorporated in Mauritius and wholly owned by Aspen Pharmacare Holdings Limited, a company incorporated in South Africa. Copies of the Aspen Pharmacare Holdings Limited financial statements are publically available. The principal activity of the Company is to acquire pharmaceutical and over-the-counter products from Aspen Global Incorporated and distribute them in countries across Europe.

## 2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations approved by the International Accounting Standards Board (IASB) as adopted by the EU and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. IFRS adopted by the EU differ in certain respects from IFRS issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU. The financial statements have been prepared under the historical cost convention as modified by the revaluation of the financial assets and financial liabilities at fair value through the profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the entity financial statements are disclosed on page 23.

ASPEN PHARMA IRELAND LIMITED

ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2020

2.1 **NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

(i) **International Financial Reporting Standards and amendments effective for the first time for 30 June 2020 year end**
The following standards, amendments and interpretations were issued and effective for the first time in the current year:

- Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.
- IFRS 16 – Leases
- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement.
- Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures.
- IFRS 9 – Financial Instruments (2009 & 2010): financial liabilities, derecognition of financial instruments, financial assets and general hedge accounting
- IFRIC 23, 'Uncertainty over income tax treatments'

**IFRS 16 - Leases**

The Company applied IFRS 16 – Leases retrospectively from 1 July 2019, using the modified retrospective approach. Comparatives are not restated under this approach. Consequently there was no impact to opening retained earnings on adoption of IFRS 16. The accounting policies have been updated accordingly.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 - Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

Management assessed leases and applied IFRS 16 on all leases previously accounted for in terms of IAS 17. There was no need for management to apply the practical expedients as permitted by the standard, when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

The Company has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 - Determining whether an Arrangement contains a Lease.

| | **2020** |
|---|---|
| *Measurement of lease liability* | **€'000** |
| Operating lease commitments disclosed as at 30 June 2019 | 3,306 |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | 3,143 |
| **Lease liability recognised as at 1 July 2019** | **3,143** |
| Of which are: | |
| Current lease liabilities | 632 |
| Non-current lease liabilities | 2,511 |
| | **3,143** |

*Measurement of right-of-use assets*
On adoption of IFRS 16,the associated right-of-use assets for all leases were measured on a prospective basis at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 30 June 2019.

*Adjustments recognised in the statement of financial position on 1 July 2019*
The change in accounting policy affected the following items in the statement of financial position on 1 July 2019:

| | **2020** |
|---|---|
| | **€'000** |
| Right-of-use assets | 3,143 |
| **Total assets** | **3,143** |
| | |
| Lease liabilities - current | 632 |
| Lease liabilities - non-current | 2,511 |
| **Total liabilities** | **3,143** |

*Lessor accounting*
The Company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16 because it is not a party to any lease agreements where it is a lessor.

ASPEN PHARMA IRELAND LIMITED

**ACCOUNTING POLICIES**
**FOR THE YEAR ENDED 30 JUNE 2020**

2.1 **NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS** continued

(ii) **International Financial Reporting Standards and amendments issued but not effective for 30 June 2020 year end**
The following standards, amendments and interpretations were issued but not yet effective for the current financial year end. They have no material impact on the Company's financial statements:

- Amendment to IAS 1 – Presentation of financial statements and IAS 8 – Accounting policies, changes in accounting estimates and errors : on the definition of material.
- Amendments to IAS 19 – Employee benefits : on plan amendment, curtailment or settlement.
- Amendment to IFRS 3 – Business combinations : on definition of a business
- Amendments to IFRS 9 – Financial instruments : on prepayment features with negative compensation and modification of financial liabilities.
- Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosure – Interest rate benchmark reform.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. Except as otherwise disclosed, these policies are consistent in all material respects with those applied in previous years.

3.1 **GOING CONCERN AND IMPACT OF COVID-19**

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Company is both liquid and solvent. We have also considered the potential implications of COVID-19 in its assessment of the entity's ability to continue as a going concern and whereas the situation is still evolving, we believe that it will not have a significant adverse effect on our business. There have been no immediate material shocks to our business that require adjustments or disclosures in the financial statements for the year ended 30 June 2020.

3.2 **FOREIGN CURRENCY TRANSLATION**
(i) ***Functional and presentation currency***
Items included in the financial statements are measured using the functional currency of the primary economic environment in which that entity operates. The financial statements are presented in Euro, which is the functional and presentation currency of Aspen Pharma Ireland Limited.

(ii) ***Foreign currency transactions***
Foreign currency transactions are translated into the functional currency using the rate of exchange ruling at the transaction date. To the extent that transactions occur regularly throughout the period, they are translated at the average rate of exchange for the period since this is deemed to provide a reasonable approximation of the actual exchange rates prevailing at the dates on which those transactions occurred.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the rates of exchange ruling at period-end. Foreign exchange gains or losses resulting from the translation and settlement of monetary assets and liabilities are recognised in the statement of profit or loss and other comprehensive income as other gains or losses below operating profit.

3.3 **INTANGIBLE ASSETS**

An intangible asset is recognised when:
• it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
• the cost of the asset can be measured reliably.

Intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment losses. Intangible assets are not revalued. Amortisation is included in other operating expenses on the statement of profit or loss and other comprehensive income.

ASPEN PHARMA IRELAND LIMITED

**ACCOUNTING POLICIES**
**FOR THE YEAR ENDED 30 JUNE 2020**

3.3 **INTANGIBLE ASSETS** continued

(i) ***Computer software***
Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated remaining useful lives.

Costs associated with developing computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets, if they meet the following criteria:

• the costs can be measured reliably;
• the software is technically feasible;
• future economic benefits are probable;
• the Company intends to and has sufficient resources to complete development; and
• the Company intends to use or sell the asset.

Direct costs include the cost of software development employees and cost of testing. Computer software development costs recognised as assets are amortised over their estimated useful lives. The estimate of the useful lives of software range between 1 and 9 years for the financial year.

The amortisation period and the amortisation method for intangible assets are reviewed every year-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| | |
|---|---|
| Computer software | 1 - 10 years |

3.4 **PROPERTY, PLANT AND EQUIPMENT**

The cost of an item of plant and equipment is recognised as an asset when:
• it is probable that future economic benefits associated with the item will flow to the company; and
• the cost of the item can be measured reliably.

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Property, plant and equipment is depreciated to its estimated residual value on a straight-line basis over its expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each period-end date. The expected useful life of property, plant and equipment per category is:

| | |
|---|---|
| Furniture and fittings | 1 - 4 years |
| Office equipment | 1 - 4 years |
| Computer hardware | 1 - 3 years |

Property, plant and equipment is tested for impairment whenever there is an indication that the asset may be impaired, in accordance with the requirements of IAS 36, Impairment of Assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit on the statement of profit or loss and other comprehensive income.

3.5 **RIGHT-OF-USE ASSETS AND LEASES**

The company's leases are made up of buildings and motor vehicles. Rental contracts are typically made for fixed periods are described below.

From 01 July 2019, at inception of a contract, the company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company recognises a right-of-use asset and a lease liability at the lease commencement date for most leases. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

**ASPEN PHARMA IRELAND LIMITED**

**ACCOUNTING POLICIES**
**FOR THE YEAR ENDED 30 JUNE 2020**

3.5 **RIGHT-OF-USE ASSETS AND LEASES** continued

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The estimated remaining useful life information for 2020 was as follows:

| | |
|---|---|
| Buildings | 2 - 10 years |
| Motor vehicles | 2 - 10 years |

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The company applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the company's business planning cycle, significance of related leasehold improvements and past history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A number of leases entitle both the lessee and the lessor to terminate the lease without a termination penalty. In determining whether the company has an economic incentive to not exercise the termination option, the company considers the broader economics of the contract and not only contractual termination payments.

A number of lease contracts include both lease and non-lease components (e.g. maintenance, security, etc). The company allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone selling prices. The stand-alone selling prices of each component are based on available market prices. The company has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in the profit and loss as they are incurred.

The company elected not to recognise right-of-use assets and lease liabilities for short -term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The company defines low-value leases as leases of assets for which the value of the underlying asset when it is new is USD 5 000 or less. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.6 **TAX**

The tax expense comprises current tax, deferred tax, capital and wealth taxes and withholding taxes. The tax expense does not include taxes associated with amounts reflected in other comprehensive income, discontinued operations and equity. The tax associated with those amounts is reflected directly in other comprehensive income, discontinued operations or equity, respectively.

(i) ***Current tax***
The current tax charge is the tax that is expected to be payable on the profits generated during the year and any adjustments to the tax payable in respect of prior years. The current tax charge also includes provisions where it is likely that a tax authority may take a different position to the filing positions taken by the Company.

(ii) ***Deferred tax***
The deferred tax charge is the tax that is expected to be payable in future or relief that is expected to materialize in future, applying the liability method. The deferred tax charge includes adjustments to the opening deferred tax balances to recognise tax filing adjustments and to adjust the statutory tax rate that is utilised for determining the opening deferred tax balance.

(iii) ***Withholding taxes***
Withholding tax is payable at varying rates on interest, management fees, licenses and dividends which are declared.

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## 3.7 DEFERRED TAX

***Recognition and measurement***
Deferred tax is provided using the liability method, providing for temporary differences arising between the tax base and the accounting carrying value of amounts reflected in the financial statements. Deferred tax is, however, not provided for temporary differences that arise from the initial recognition of an asset or liability where that transaction does not affect accounting and tax profits and losses. The only exception to this being when that asset or liability arises in terms of a business combination. Deferred tax is determined at tax rates that are enacted or substantively enacted at year end and are expected to apply when that temporary differences reverses.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries and associates where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are only offset to the extent that the balances are recoverable from the same tax authority and there is a legal right to offset them at settlement of those balances.

## 3.8 FINANCIAL INSTRUMENTS

***Classification***
The classification of financial assets and liabilities is dependent on the purpose for which the financial asset or liabilities were acquired or incurred. Management determines the classification of its financial asset or liabilities at the time of initial recognition.

The Company has classifies its financial assets and liabilities as those to be subsequently measured at amortised cost using the effective interest rate method.

***Recognition and derecognition***
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

***Measurement***
At initial recognition, the Company measures financial assets and liabilities at their fair value plus transaction costs that are directly attributable to the acquisition of the financial assets and liabilities.

*Debt instruments*
Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

*The Company has classified all its debt its instruments as amortised cost:*
Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income or statement of profit or loss and statement of comprehensive income as applicable.

***Subsequent measurement - Impairment***
The Company assesses on a forward looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has three types of financial instruments that are subject to the ECL model:
• Trade receivables
• Other receivables
• Amounts due from other group companies.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses an expected credit loss allowance/provision for all trade receivables and amounts due from group company.

IFRS 9 allows an entity to use a simplified “provision matrix” for calculating expected losses as a practical expedient for trade receivables, if consistent with the general principles for measuring expected losses. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

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3.8 **FINANCIAL INSTRUMENTS** continued

***Subsequent measurement - Impairment*** continued
To measure the expected credit losses, trade receivables and amounts due to group company have been grouped based on shared credit risk profile and the days past due. The Company has therefore concluded the expected loss rates for trade receivables and amounts due to group company based on historical sales and write offs over a period of 36 months before 30 June 2018 and adjusted for current and forward-looking estimates.

This provision is recognised through the use of an allowance account for losses. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable or amount due from group company is uncollectible, it is written off against the allowance account for losses.

Trade receivables or amounts due from group company are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group for a period of greater than 180 days past due.

If, in a subsequent period, the amount of the impairment loss, the reversal of the previously recognised impairment loss is credited against administrative expenses in the statement of comprehensive income.

The decrease can be related to an adjustment in the expected credit loss rate or to a related, objective event occurring after the impairment was recognised.

3.9 **INVENTORIES**

The Company recognises inventories initially at cost when it has control of the inventories, expects it to provide future economic benefits and the cost can be measured reliably. Cost is determined on the first-in-first-out basis. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Inventories are subsequently measured at the lower of cost and net realisable value. The carrying values of finished goods and work-in-progress include raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but exclude borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

A provision for obsolete inventories is established when there is evidence that no future economic benefits will be obtained for such inventories. The carrying amount of the inventories is reduced and the amount of the loss is recognised in the statement of comprehensive income within cost of sales.

3.10 **TRADE RECEIVABLES**

Receivables and other current assets are initially recognised at fair value and subsequently measured at amortised cost, less impairments, using the effective interest rate method. No fair value adjustment is made for the effect of time value of money where receivables have a short-term profile.

The amount of the provision is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. This provision is recognised through the use of an allowance account for losses. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for losses.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is credited against administrative expenses in the statement of comprehensive income.

3.11 **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are initially measured at fair value and subsequently carried at amortised cost. For the purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents comprise cash-on-hand and deposits held on call with banks.

3.12 **SHARE CAPITAL**

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares are deducted from share capital.

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3.13 **IMPAIRMENT**

The Company reviews the carrying value of its tangible assets annually and if events occur which call into question the carrying value of the assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's fair value less cost to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount. The Company assesses at each period-end date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment testing of trade receivables is described in note 6.

3.14 **TRADE PAYABLES**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.15 **REVENUE RECOGNITION**

Revenue is derived from the supply of speciality, branded and generic pharmaceutical products to provide treatment for a broad spectrum of acute and chronic conditions.

Revenue is recognised based on the completion of performance obligations and an assessment of when control is transferred to the customer.

The following indicators are used by the Company in determining when control has passed to the customer:

- The Company has a right to payment for the product or service;
- the customer has legal title to the product;
- the Company has transferred physical possession of the product to the customer;
- the customer has the significant risk and rewards of ownership of the product; and
- the customer has accepted the product.

Revenue is measured based on the consideration specified in a contract with a customer and in compliance with legislated pricing in the various regulated markets.

The Company evaluates the following control indicators amongst others when determining whether it is acting as a principal or agent in the transactions with customers and recording revenue on a net basis:

- The Company is primarily responsible for fulfilling the promise to provide the specified goods or service;
- the Company has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; and
- the Company has discretion in establishing the price for the specified good or service, excluding pricing set according to regulations.

No significant element of financing is deemed present, other than on onerous contracts, as the sales are made with credit terms less than one year. The onerous contracts are discounted to present value using appropriate market-related discount rates.

The main stream of revenue and the bases of recognition is as follows:

**Sale of goods:**
Revenue is recognised at a point in time when control of the pharmaceutical products supplied has transferred, being when the products are delivered to the customer. Delivery occurs when the products has been dispatched to the specific location, the risks of obsolescence and loss have been transferred and the customer accepted the products in accordance with the sales contract. Revenue is recorded at the price specified in the contract in compliance with regulated pricing in regulated markets, net of discounts and value added tax. Revenue and receivables are recorded when control of the products are transferred as this is the point in time that the consideration is unconditional as only the passage of time is required before payment is due.

3.16 **SHARE-BASED PAYMENT EXPENSES**

The Company has cash-settled share-based compensation plans.

The services received from employees are measured at fair value and recognised in the statement of comprehensive income as an expense over the vesting period with recognition of a corresponding liability in trade and other payables. The fair value of the liability is remeasured at each reporting date and at the date of settlement, with changes in fair value recognised in the statement of comprehensive income.

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3.17 **BUSINESS COMBINATIONS UNDER COMMON CONTROL**

In certain circumstances, the Company has undertaken business combinations in which the ultimate ownership of both parties does not change. In this scenario, net assets/liabilities are transferred at their carrying value as at the date of the transaction taking place and are presented in the financial statements on a prospective basis.

**4 SIGNIFICANT JUDGEMENTS AND ESTIMATES**

The Company is often required to make estimates and assumptions regarding the future. The estimates will, by definition, rarely equal the actual results achieved. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below. Estimates and judgements are continually re-assessed and are based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) ***Impairment of assets***
Property, plant and equipment are assessed for impairment at least on an annual basis, as more fully described in the accounting policy in respect of impairments. The future cash flows are assessed, taking into account forecast market conditions and the expected lives of these assets. The present value of these cash flows is compared to the current net asset value.

(ii) ***Allowance account for losses***
A significant degree of judgement is applied by management when considering whether a debtor is recoverable or not. The following factors are taken into account when considering whether a debtor is impaired:

• Default of payments;
• History of the specific customer with the Company;
• Credit terms specific to the customer;
• Credit terms specific to the customer; and
• General economic conditions.

(iii) ***Determination of net realisable value of inventories***
Net realisable value is the estimate of the selling price of inventories in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Management is required to exercise considerable judgement in the determination of this estimate, specifically relating to the forecasting of demand.

Management is also required to exercise significant judgement in estimating the provision for obsolete stock. Such judgement would take into account the following:

• Change in technology;
• Stock nearing expiry dates; and
• Regulatory requirements.

(iv) ***Fair value determination***
The carrying values of financial assets and liabilities with a maturity of less than 1 year are assumed to approximate their fair values.

(v) ***Allowance for revenue rebates***
Revenue recognition requires the estimation of rebates that will be provided in respect of sales which have been made before the balance sheet date. The Company has rebate arrangements in place with several distributors in respect of sales to end customers where the sales prices have been negotiated directly with the Company. Allowance for rebates to customers is based upon the terms of sales contracts and is recorded in the same period as the related sales as a deduction from revenue. The estimation is based on the level of discount derived from the sales data from the distributor, the amount of inventory held by distributors and the time lag between the initial sale to the distributor and the rebate being claimed.

(vi) ***Deferred tax***
A deferred tax asset is recognized for unused tax losses or deductible temporary differences only to the extent that it is probable that taxable profits will arise in future against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date to ensure that the tax benefit will be realized. If it is determined that the tax benefit will not be realized, the deferred tax asset will be reversed.

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| | Furniture and fittings €'000 | Office equipment €'000 | Computer hardware €'000 | Total €'000 |
|---|---|---|---|---|
| **1 Property, plant and equipment** | | | | |
| **2020** | | | | |
| **Carrying value** | | | | |
| Cost | **1,526** | **317** | **1,287** | **3,130** |
| Accumulated depreciation | **(1,431)** | **(283)** | **(1,165)** | **(2,879)** |
| | **95** | **34** | **122** | **251** |
| **Movement in property, plant and equipment** | | | | |
| Carrying value at the beginning of the year | **178** | **50** | **184** | **412** |
| Additions | **2** | **13** | **21** | **36** |
| Depreciation | **(85)** | **(29)** | **(83)** | **(197)** |
| **Carrying value at the end of the year** | **95** | **34** | **122** | **251** |
| **2019** | | | | |
| **Carrying value** | | | | |
| Cost | 1,524 | 303 | 1,274 | 3,101 |
| Accumulated depreciation | (1,346) | (253) | (1,090) | (2,689) |
| | 178 | 50 | 184 | 412 |
| **Movement in property, plant and equipment** | | | | |
| Carrying value at the beginning of the year | 465 | 55 | 311 | 831 |
| Additions | 5 | 34 | 109 | 148 |
| Disposals | (10) | (4) | (9) | (23) |
| Depreciation | (282) | (35) | (227) | (544) |
| **Carrying value at the end of the year** | 178 | 50 | 184 | 412 |

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| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 2 | **Right-of-use assets/Lease liabilities** | | |
| 2.1 | **Amounts recognised in the statement of financial position** | | |
| | **Right-of-use assets** | | |
| | Buildings | 1,878 | - |
| | Motor vehicles | 1,092 | - |
| | | 2,970 | |

| 2020 | Buildings €'000 | Motor vehicles €'000 | Total €'000 |
|---|---|---|---|
| *Carrying value* | | | |
| Cost | 2,481 | 1,614 | 4,095 |
| Accumulated depreciation | (603) | (522) | (1,125) |
| | 1,878 | 1,092 | 2,970 |
| *Movement in right-of-use assets* | | | |
| Additions | 2,481 | 1,685 | 4,166 |
| Disposals | - | (45) | (45) |
| Depreciation | (603) | (548) | (1,151) |
| | 1,878 | 1,092 | 2,970 |

| | 2020 €'000 |
|---|---|
| **Lease Liabilities** | |
| At 01 July 2019 | - |
| Additions | 3,661 |
| Interest expense | 143 |
| Payments | (775) |
| | 3,029 |
| **Lease Liabilities** | |
| Current | 949 |
| Non-current | 2,080 |
| | 3,029 |

| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 2.2 | **Amounts recognised in the statement of comprehensive income**<br>The statement of profit or loss shows the following amounts relating to leases | | |
| | **Depreciation** | | |
| | Buildings | 603 | - |
| | Motor vehicles | 548 | - |
| | Interest expense | 143 | - |

2.3 **Amount included in Cashflow**
The total cashflow for leases for the year ended 30 June 2020 was EUR 774 620.

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| | Computer Software €'000 | Total €'000 |
|---|---|---|
| **3 Intangible assets** | | |
| **2020** | | |
| **Carrying value** | | |
| Cost | **323** | **323** |
| Accumulated amortisation | **(306)** | **(306)** |
| | **17** | **17** |
| **Movement in intangible assets** | | |
| Carrying value at the beginning of the year | **43** | **43** |
| Amortisation | **(26)** | **(26)** |
| **Carrying value at the end of the year** | **17** | **17** |
| **2019** | | |
| **Carrying value** | | |
| Cost | 323 | 323 |
| Accumulated amortisation | (280) | (280) |
| | 43 | 43 |
| **Movement in intangible assets** | | |
| Carrying value at the beginning of the year | 113 | 113 |
| Amortisation | (70) | (70) |
| **Carrying value at the end of the year** | 43 | 43 |

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| | **2020** | 2019 |
|---|---|---|
| | **€'000** | €'000 |

**4 Deferred tax assets**

Deferred tax is calculated in full on temporary differences under the liability method, using a principal rate of 12,5% plus those that apply to the underlying branches.

| | **2020** | 2019 |
|---|---|---|
| **Movement for the year** | | |
| Balance at the beginning of the year | **266** | 199 |
| Statement of profit or loss and other comprehensive income charge - current year | **86** | 58 |
| Statement of profit or loss and other comprehensive income (credit) / charge - prior year | **(75)** | 20 |
| Migration of balance from Spanish branch to Spanish entity | **-** | (11) |
| Deferred tax asset at the end of the year | **277** | 266 |

*The statement of profit or loss and other comprehensive income charge comprises:*

| | **2020** | 2019 |
|---|---|---|
| Property, plant and equipment | **37** | 13 |
| Intangible Assets | **8** | - |
| Right of use assets | **187** | - |
| Provisions | **(234)** | 45 |
| Other receivables and payables | **(177)** | (5) |
| Expenses capitalised | **153** | - |
| Foreign exchange differences | **(22)** | - |
| Non-current liabilities | **20** | 25 |
| Tax losses | **39** | - |
| Total statement of profit or loss and other comprehensive income charge relating to deferred tax asset | **11** | 78 |

| | **2020** | 2019 |
|---|---|---|
| *Deferred tax assets comprises:* | | |
| Property, plant and equipment | **126** | 89 |
| Intangible Assets | **8** | - |
| Right of use assets | **187** | - |
| Provisions | **(391)** | (157) |
| Other receivables and payables | **(176)** | - |
| Expenses capitalised | **118** | (35) |
| Foreign exchange differences | **(22)** | - |
| Non-current liabilities | **210** | 191 |
| Tax losses | **217** | 178 |
| Deferred tax assets | **277** | 266 |

**5 Inventories**

| | **2020** | 2019 |
|---|---|---|
| *Carrying value* | | |
| Finished goods | **84,310** | 97,080 |
| Less: provision for impairment | **(5,297)** | (6,202) |
| | **79,013** | 90,878 |
| *Reconciliation of allowance account for losses* | | |
| Balance at the beginning of the year | **6,202** | 4,445 |
| (Released)/raised during the year | **(905)** | 1,757 |
| Balance at the end of the year | **5,297** | 6,202 |

**6 Trade and other receivables**

| | **2020** | 2019 |
|---|---|---|
| Trade receivables | **99,612** | 106,190 |
| Allowance account for losses | **(757)** | (1,170) |
| Net trade receivables | **98,855** | 105,020 |
| VAT receivable | **619** | 1,194 |
| Prepayments | **371** | 145 |
| Other receivables | **1,047** | 797 |
| Total trade and other receivables | **100,892** | 107,156 |
| *Split of balance* | | |
| Financial instruments | **98,855** | 105,020 |
| Non-financial instruments | **2,037** | 2,136 |
| | **100,892** | 107,156 |

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| | 2020 €'000 | 2019 €'000 |
|---|---|---|
| 6 **Trade and other receivables** continued | | |
| *Reconciliation of allowance account for losses* | | |
| Balance at the beginning of the year | **1,170** | 1,306 |
| Utilised raised during the year | **(413)** | (136) |
| Balance at the end of the year | **757** | 1,170 |
| The amount owed by related companies included in the trade receivables balance: | | |
| Aspen Germany GmbH | **12,024** | 11,407 |
| Aspen Pharmacare Espana SL | **272** | 953 |
| | **12,296** | 12,360 |

The ageing of trade and other receivables (financial instruments only) is as follows:

| **30 June 2020** | **€'000 Gross** | **€'000 Allowance for losses** | **€'000 Net receivables** |
|---|---|---|---|
| Fully performing | **92,951** | **-** | **92,951** |
| Past due by 1 to 30 days | **4,065** | **-** | **4,065** |
| Past due by 31 to 90 days | **1,101** | **-** | **1,101** |
| Past due by 91 to 180 days | **211** | **-** | **211** |
| Past due more than 180 days | **1,284** | **(757)** | **527** |
| | **99,612** | **(757)** | **98,855** |

| **30 June 2019** | **€'000 Gross** | **€'000 Allowance for losses** | **€'000 Net receivables** |
|---|---|---|---|
| Fully performing | 97,605 | - | 97,605 |
| Past due by 1 to 30 days | 2,691 | - | 2,691 |
| Past due by 31 to 90 days | 2,803 | - | 2,803 |
| Past due by 91 to 180 days | 562 | - | 562 |
| Past due more than 180 days | 2,529 | (1,170) | 1,359 |
| | 106,190 | (1,170) | 105,020 |

| | **2020 €'000** | 2019 €'000 |
|---|---|---|
| The currency analysis for trade and other receivables (financial instruments only) are as follows: | | |
| Bulgarian Lev | **-** | 6 |
| Croatian Kuna | **996** | 862 |
| Czech Republic Koruna | **515** | (363) |
| Danish Krone | **1,120** | 1,255 |
| Euro | **60,357** | 59,132 |
| Hungarian Forint | **2,060** | 2,844 |
| Norwegian Krone | **2,666** | 1,713 |
| Polish Zloty | **2,045** | 3,268 |
| Pound Sterling | **6,189** | 10,522 |
| Romanian Leu | **5,507** | 8,434 |
| Serbian Dinar | **5,043** | 6,043 |
| Swedish Krona | **6,702** | 3,711 |
| Turkish Lira | **619** | 1,339 |
| US Dollar | **5,036** | 6,254 |
| | **98,855** | 105,020 |

Trade and other receivables which are fully performing relate to customers that have a good track record with the Company in terms of recoverability. The Company does not hold any collateral over any trade and other receivables. No trade and other receivables were given as security.

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| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 7 | **Cash and cash equivalents** | | |
| | Cash in transit | **983** | (467) |
| | Bank balances | **15,063** | 15,843 |
| | | **16,046** | 15,376 |
| | The currency analysis for cash and cash equivalents are as follows: | | |
| | Euro | **2,252** | 3,477 |
| | Czech Republic Koruna | **1,898** | 880 |
| | Polish Zloty | **1,850** | 1,062 |
| | Pound Sterling | **156** | 179 |
| | US Dollar | **258** | 301 |
| | Swedish Krona | **1,573** | 3,818 |
| | Danish Krone | **340** | 225 |
| | Hungarian Forint | **140** | 937 |
| | Croatian Kuna | **243** | - |
| | Serbian Dinar | **3,366** | 406 |
| | Norwegian Krone | **601** | 598 |
| | Danish Krone | **1,219** | 721 |
| | Other currencies | **2,150** | 2,772 |
| | | **16,046** | 15,376 |

The maturity profile of all cash and cash equivalent balances is less than 1 month. Cash and cash equivalents are non-interest bearing.

| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 8 | **Amounts due from/(to) group companies** | | |
| | **Amounts due from group companies** | | |
| | Aspen Pharmacare Holdings Ltd | **-** | 14 |
| | Aspen Finance (Pty) Ltd * | **15,733** | 14,854 |
| | Aspen Global Inc. | **1,156** | - |
| | Aspen Health Care FZ LLC | **178** | 927 |
| | Aspen Germany GmbH | **42** | 956 |
| | Aspen Pharma Trading Limited | **29** | 141 |
| | Aspen Pharmacare Espana SL | **13** | 76 |
| | Aspen Netherlands B.V. | **-** | 23 |
| | Aspen France SAS | **266** | 157 |
| | Aspen Notre Dame de Bondeville | **-** | 15 |
| | Aspen Italia SRL | **-** | 4 |
| | Aspen Polska sp z.o.o | **-** | 8 |
| | Aspen Schweiz GmbH | **26** | 137 |
| | Pharmacare Limited | **2** | - |
| | Amounts due from group companies | **17,445** | 17,312 |

The company applied the simplified provision matrix and the expected credit loss rate was based on the historical write off history. The company does not have any history of receivables being written off, therefore the expected credit loss rate is set to 0%.

| | 2020 €'000 | 2019 €'000 |
|---|---|---|
| **Amounts due to group companies** | | |
| Aspen Pharmacare Holdings Ltd | **(776)** | (446) |
| Aspen Global Inc. | **-** | (247) |
| Aspen Health Care FZ LLC | **-** | (3,387) |
| Aspen Germany GmbH | **(274)** | (869) |
| Aspen Pharma Trading Limited | **(457)** | (379) |
| Aspen Bad Oldesloe GmbH | **(258)** | (480) |
| Aspen Netherlands B.V. | **(89)** | - |
| Aspen France SAS | **-** | (121) |
| Aspen Italia SRL | **(1,224)** | (386) |
| Aspen Polska sp z.o.o | **(1,137)** | (128) |
| Amounts due to group companies | **(4,215)** | (6,443) |

These balances constitute amounts due (by the company for services rendered by related parties)/to the Company for services it has rendered to the related parties. Interest is payable on amounts, but only to the extent these are contractually overdue.

* Amounts due from Aspen Finance (Pty) Ltd do not relate to services rendered but rather relate to short term loans put in place in terms of the Group's European cash concentration arrangement.

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| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 9 | **Share capital** | | |
| | *Authorised* | | |
| | 50 001 ordinary shares of €1 each | **50,001** | 50,001 |
| | *Issued* | | |
| | 42 001 ordinary shares of €1 each | **42,001** | 42,001 |
| 10 | **Trade and other payables** | | |
| | Trade payables | **98,729** | 111,654 |
| | Accrued expenses | **47,976** | 39,991 |
| | Leave pay accrual | **717** | 705 |
| | Bonus accrual | **317** | 498 |
| | Total taxes | **2,054** | 115 |
| | VAT payable | **1,939** | - |
| | PAYE and PRSI | **115** | 115 |
| | Redundancy costs | **-** | 411 |
| | Other payables | **1,731** | 2,229 |
| | Provision for deferred bonus | **129** | 297 |
| | Tax fee accrual | **148** | - |
| | Total trade and other payables | **151,801** | 155,900 |
| | *Split of balance* | | |
| | Financial instruments | **146,705** | 151,645 |
| | Non-financial instruments | **5,096** | 4,255 |
| | | **151,801** | 155,900 |
| | The amount owed to related companies included in the trade payables balance: | | |
| | Pharmacare Limited | **282** | 358 |
| | Aspen Global Incorporated | **97,901** | 108,937 |
| | Limited Liability Company Aspen Health | **951** | - |
| | | **99,134** | 109,295 |

These trade and other payables are non-interest bearing, and no trade or other payable is past its due date.

The currency analysis for trade and other payables (financial instruments only) is as follows:

| | 2020 €'000 | 2019 €'000 |
|---|---|---|
| Euro | **145,176** | 148,798 |
| US Dollar | **1,529** | 2,847 |
| | **146,705** | 151,645 |

Trade and other payables are payable at various dates in the three months often after the financial year end in accordance with creditors and customary credit terms.

Creditors for tax and social insurance are payable in the time frame set in the relevant legislation.

**ASPEN PHARMA IRELAND LIMITED**

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| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 11 | **Revenue** | | |
| | Sale of products | 429,538 | 419,786 |
| | Revenue comprises of sales of pharmaceutical products in the European and the Israel market. | | |
| 12 | **Expenses by nature** | | |
| | Purchase of finished goods | 337,928 | 323,895 |
| | Intercompany administration/recharge fees | 18,978 | 18,357 |
| | Transport & Warehousing costs | 9,275 | 8,985 |
| | Product litigation costs | 27,535 | 17,322 |
| | Staff costs (including directors' remuneration) | 13,943 | 17,424 |
| | Other employee related expenses | 1,565 | 185 |
| | Professional fees | 11,109 | 9,571 |
| | Property costs | 30 | 52 |
| | Insurance | 1,008 | 744 |
| | Depreciation and amortisation | 1,374 | 614 |
| | Computer and office expenses | 898 | 1,127 |
| | Audit fees - current period | 165 | 164 |
| | Transaction costs | - | 2,626 |
| | Operating leases | - | 1,628 |
| | Travelling | 1,102 | 1,911 |
| | Restructuring costs | 1,739 | (50) |
| | Impairment charges | (1,318) | 1,621 |
| | Movement of provision for impairment on inventory | (905) | 1,757 |
| | Movement on allowance for doubtful debts | (413) | (136) |
| | Advertising and marketing expenses | 2,885 | 2,623 |
| | Other | 8,275 | 1,524 |
| | | 436,491 | 410,323 |
| | Classified as: | | |
| | Cost of sales | 343,189 | 325,483 |
| | Administrative expenses | 27,065 | 25,792 |
| | Selling and distribution expenses | 35,876 | 38,738 |
| | Other operating expenses | 30,361 | 20,310 |
| | | 436,491 | 410,323 |
| 13 | **Auditors' remuneration** | | |
| | Remuneration for the statutory audit and other services carried out by the Company's auditors is as follows: | | |
| | Audit of entity financial statements | 165 | 164 |
| | | 165 | 164 |

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| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 14 | **Staff costs** | | |
| | Wages and salaries (including directors' remuneration) | **9,898** | 12,282 |
| | Social insurance | **1,465** | 1,574 |
| | Benefits | **2,580** | 3,568 |
| | | **13,943** | 17,424 |
| | Total included in selling and distribution expenses | **12,474** | 15,059 |
| | Total included in administrative expenses | **1,469** | 2,365 |
| | Average number of full-time employees per category: | | |
| | Supply chain | **6** | 30 |
| | Finance | **26** | 38 |
| | Quality | **13** | 19 |
| | General Management | **6** | 11 |
| | Human Resources & Legal | **8** | 16 |
| | Sales & Commercial Business | **84** | 94 |
| | | **143** | 208 |
| 15 | **Directors' remuneration** | | |
| | Directors' emoluments | **1,263** | 1,196 |
| | Benefits under long term incentive schemes | **95** | 54 |
| | Contributions to retired benefit schemes - defined contribution plan | **95** | 86 |
| | | **1,453** | 1,336 |

Two directors are remunerated by other group companies. Remuneration of these directors has been borne by a fellow group company and has not been recharged. It is not possible to make an accurate apportionment of their remuneration in respect of the Company. Accordingly, no remuneration in respect of these directors are disclosed in these financial statements.

No other party has been identified as key management personnel other than directors.

| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 16 | **Financing costs** | | |
| | Net financing costs paid | **2,350** | 757 |
| 17 | **Tax** | | |
| | Current tax - current year | **(165)** | (3,821) |
| | Current tax - prior year | **387** | 228 |
| | Deferred tax - current year | **86** | 58 |
| | Deferred tax - prior year | **(75)** | 20 |
| | | **233** | (3,515) |
| | *Tax rate reconciliation* | | |
| | Effective tax rate | **(2.5%)** | 39.4% |
| | Disallowable expenses | **24.5%** | (29.8%) |
| | Prior year adjustments | **(3.4%)** | 2.8% |
| | Non-deductible costs relating to acquisitions and disposals | **0%** | 0% |
| | Tax losses arising where no deferred tax asset has been raised | **(6.2%)** | 0% |
| | Differences in foreign rates of tax | **0.1%** | 0.1% |
| | Tax at statutory rate | **12.5%** | 12.5% |

**ASPEN PHARMA IRELAND LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
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18 **Related party transactions and balances**

The Company has related party relationships with its holding company and fellow subsidiaries. These transactions have been concluded on terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions, and are all unsecured.

18.1 **Balances with related parties**

Refer note 6, 8 and 10 for details of balances with related parties.

| | **2020** | 2019 |
|---|---|---|
| | **€'000** | €'000 |

18.2 **Transactions with related parties**

The holding company, Aspen Global Incorporated, owns 100% of the Company's shares and the material related party transactions were as follows:

| | **2020** | 2019 |
|---|---|---|
| *Recharges* | | |
| Aspen Global Inc. | **(1,056)** | (176) |
| The following related party transactions took place between the Company and other group companies: | | |
| Aspen Italia SRL (recharges) | **7,390** | 7,084 |
| Aspen Pharmacare Resources (recharges) | **58** | 3 |
| Aspen Germany GmbH (recharges) | **(498)** | (547) |
| Aspen Polska sp z.o.o (recharges) | **4,595** | 4,105 |
| Aspen Healthcare FZ LLC (recharges) | **4,485** | 4,789 |
| Aspen Netherlands B.V. (recharges) | **1,194** | 1,049 |
| Aspen Pharmacare Espana SL (recharges) | **(132)** | (3) |
| Aspen France SAS (recharges) | **(236)** | (400) |
| Aspen Oss B.V. (recharges) | **-** | (15) |
| Aspen Pharma Trading Limited (recharges) | **1,511** | 1,462 |
| Aspen Pharmacare Holdings Limited (recharges) | **2,047** | 1,388 |
| Aspen Pharma Schweiz GmbH (recharges) | **(299)** | (331) |
| Aspen Finance (Pty) Ltd (recharges) | **(14)** | (31) |
| Aspen Bad Oldesloe GmbH (recharges) | **-** | (7) |
| Aspen Notre Dame de Bondeville (recharges) | **-** | (15) |
| *Purchases* | | |
| Aspen Germany GmbH | **(82,764)** | (77,428) |
| Aspen Pharmacare Espana SL | **(11,889)** | (953) |

**ASPEN PHARMA IRELAND LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
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19 **Financial risk management**

19.1 **Introduction**

The Company is exposed to foreign currency risk, liquidity risk, credit risk and market risk arising from its financial instruments. These risks are continuously monitored. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management relating to each of these risks is discussed under the headings below.

19.2 **Financial instruments by category**

The carrying value of financial instruments by category is as follows:

| | At amortised cost | Total |
|---|---|---|
| **June 2020** | **€'000** | **€'000** |
| **Financial assets** | | |
| Cash and cash equivalents | **16,046** | **16,046** |
| Trade and other receivables (financial instruments only) | **98,855** | **98,855** |
| Amounts due from group companies | **17,445** | **17,445** |
| Total assets | **132,346** | **132,346** |
| | | |
| **Financial liabilities** | | |
| Lease liabilities | **(3,029)** | **(3,029)** |
| Trade and other payables (financial instruments only) | **(146,705)** | **(146,705)** |
| Amounts due to group companies | **(4,215)** | **(4,215)** |
| **Total liabilities** | **(153,949)** | **(153,949)** |
| **Net liability** | **(21,603)** | **(21,603)** |

| | At amortised cost | Total |
|---|---|---|
| **June 2019** | **€'000** | **€'000** |
| **Financial assets** | | |
| Cash and cash equivalents | 15,376 | 15,376 |
| Trade and other receivables (financial instruments only) | 105,020 | 105,020 |
| Amounts due from group companies | 17,312 | 17,312 |
| **Total financial assets** | 137,708 | 137,708 |
| | | |
| **Financial liabilities** | | |
| Trade and other payables (financial instruments only) | (151,453) | (151,453) |
| Amounts due to group companies | (6,443) | (6,443) |
| Total liabilities | (157,896) | (157,896) |
| Net liability | (20,188) | (20,188) |

**ASPEN PHARMA IRELAND LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
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19 **Financial risk management** continued

19.3 **Foreign currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's operations utilise various foreign currencies (i.e. currency other than the operating functional currency) in respect of sales, trade receivables and trade payables and subsequently the Company is exposed to exchange rate fluctuations that have an impact on cash flows. Foreign currency risks are managed through the Company's financing policies.

The Company has used a sensitivity analysis technique that measures the estimated change to the statement of profit or loss and other comprehensive income of an instantaneous 10% strengthening or weakening in the Euro against the foreign exchange rates from the rate applicable at 30 June, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as, in practise, market rates rarely change in isolation.

The analysis considers the impact of changes in foreign exchange rates on profit or loss.
The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular interest rates, remains constant.

A change in foreign exchange rates to which the Company is exposed at the reporting date would have increased / (decreased) profit before tax by the amounts shown below.

| | Change in exchange rate % | Weakening in functional currency €'000 | Strengthening in functional currency €'000 |
|---|---|---|---|
| **30 June 2020** | | | |
| *Denominated currency* | | | |
| Croatian Kuna | **10** | **(124)** | **124** |
| Czech Republic Koruna | **10** | **(241)** | **241** |
| Danish Krone | **10** | **(268)** | **268** |
| Hungarian Forint | **10** | **(220)** | **220** |
| Norwegian Krone | **10** | **(327)** | **327** |
| Polish Zloty | **10** | **(389)** | **389** |
| Pound Sterling | **10** | **(634)** | **634** |
| Romanian Leu | **10** | **(551)** | **551** |
| Serbian Dinar | **10** | **(337)** | **337** |
| Serbian Dinar | **10** | **(504)** | **504** |
| South African Rand | **10** | **77** | **(77)** |
| Swedish Krona | **10** | **(827)** | **827** |
| Turkish Lira | **10** | **(62)** | **62** |
| US Dollar | **10** | **(394)** | **394** |
| Other currencies | **10** | **(155)** | **155** |
| | | **(4,956)** | **4,956** |

| | Change in exchange rate % | Weakening in functional currency €'000 | Strengthening in functional currency €'000 |
|---|---|---|---|
| **30 June 2019** | | | |
| *Denominated currency* | | | |
| Bulgarian Lev | **10** | **6** | **(6)** |
| Czech Republic Koruna | **10** | **130** | **(130)** |
| Croatian Kuna | **10** | **6** | **(6)** |
| Danish Krone | **10** | **4** | **(4)** |
| Hungarian Forint | **10** | **(16)** | **16** |
| Norwegian Krone | **10** | **52** | **(52)** |
| Polish Zloty | **10** | **(245)** | **245** |
| Pound Sterling | **10** | **565** | **(565)** |
| Romanian Leu | **10** | **(20)** | **20** |
| Serbian Dinar | **10** | **(162)** | **162** |
| South African Rand | **10** | **17** | **(17)** |
| Swedish Krona | **10** | **233** | **(233)** |
| Turkish Lira | **10** | **15** | **(15)** |
| Ukrainian Hryvnia | **10** | **4** | **(4)** |
| US Dollar | **10** | **(10)** | **10** |
| | | **579** | **(579)** |

**ASPEN PHARMA IRELAND LIMITED**

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19 **Financial risk management** continued

19.4 **Interest rate risk**

The Company's cash balances earn minimal interest income. While the Company incurs interest charges on certain intercompany balances, this is not significant. As the Company has no significant interest-bearing assets or liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

19.5 **Price risk**

The Company is exposed to price risk on its pharmaceutical pricing in the market. Price increases are negotiated with the respective authorities in the markets, if applicable. The Company is also exposed to price risk through its competitor products and the company manages this exposure through market pricing reviews.

19.6 **Liquidity risk**

Liquidity risk is the risk that an entity will not be able to meet its obligations as they become due. The Company manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows. Management regularly reviews the forecasted cash position of the Company to ensure that it has sufficient access to liquidity to meet its operational cash flow requirements. Purchases and funding are from the parent company and related parties. Due to the dynamic nature of the underlying business, the business maintains flexibility in funding by having arrangements with the parent company and related parties.

The following are the undiscounted contractual maturities of financial assets and liabilities:

| | On demand €'000 | Less than 1 year €'000 | 1 - 5 years €'000 | Total €'000 |
|---|---|---|---|---|
| **30 June 2020** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 16,046 | - | - | 16,046 |
| Trade and other receivables (financial instruments only) | - | 98,855 | - | 98,855 |
| Amounts due from group companies | 17,445 | - | - | 17,445 |
| Total assets | 33,491 | 98,855 | - | 132,346 |
| **Financial liabilities** | | | | |
| Trade and other payables (financial instruments only) | - | (146,705) | - | (146,705) |
| Amounts due to group companies | (4,215) | - | - | (4,215) |
| Lease liabilities | - | (949) | (2,080) | (3,029) |
| Total liabilities | (4,215) | (147,654) | (2,080) | (153,949) |
| Net asset / (liability) | 29,276 | (48,799) | (2,080) | (21,603) |

| | On demand €'000 | Less than 1 year €'000 | 1 - 5 years €'000 | Total €'000 |
|---|---|---|---|---|
| **30 June 2019** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 15,376 | - | - | 15,376 |
| Trade and other receivables (financial instruments only) | - | 105,020 | - | 105,020 |
| Amounts due from group companies | 17,312 | - | - | 17,312 |
| Total assets | 32,688 | 105,020 | - | 137,708 |
| **Financial liabilities** | | | | |
| Trade and other payables (financial instruments only) | - | (151,453) | - | (151,453) |
| Amounts due to group companies | (6,443) | - | - | (6,443) |
| Total liabilities | (6,443) | (151,453) | - | (157,896) |
| Net asset / (liability) | 26,245 | (46,433) | - | (20,188) |

**ASPEN PHARMA IRELAND LIMITED**

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19 **Financial risk management** continued

19.7 **Credit risk**

Credit risk arises from trade receivables. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made, as well as ongoing assessments of debtor credit quality and recoverability.

Credit risk, or the risk of financial loss, due to counterparties to financial instruments not meeting their contractual obligations, is managed by the application of credit approvals, limits and monitoring processes.

Credit risk primarily arises from trade and other receivables and cash and cash equivalents.

*Cash and cash equivalents*

Bank balances are kept with reputable local banks with credit ratings of P-1 (Moody's rating). Management does not expect any losses from non-performance by these counterparties.

*Trade and other receivables*

The Company has policies in place to ensure that sales of products are made to customers with a solid credit history. On-going credit evaluations on the financial condition of customers are performed. Trade receivables consist primarily of four customers. The granting of credit is controlled by application and account limits. Trade and other receivables are carefully monitored for impairment.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivable.

*Trade and other receivables continued*

To determine the expected credit loss rate, the Company considered its historical credit loss rate and adjusted it to reflect current and forward-looking information. The Company's ECL for trade receivables at the end of the reporting period is nil.

The Company's current credit risk grading framework comprises of the following categories:

| **Category** | **Company definition of category** | **Basis for recognition of expected credit loss provision** |
|---|---|---|
| Performing | Trade receivables whose credit risk is in line with original expectations. | Lifetime expected losses. |
| Underperforming | Trade receivables for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due date. | Lifetime expected losses. |
| Non-performing (credit impaired) | Interest and/or principal repayments are 60 days past due or it becomes bankruptcy. | Lifetime expected losses. |
| Write-off | Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery. | Asset is written off. |

The risk profiles listed below reflect the different markets that the Company services. These markets all have difference payment patters, risk profiles and insurance risks.

Risk profile of net trade receivables is as follows:

| | **2020** | 2019 |
|---|---|---|
| | **€'000** | €'000 |
| Private debtors | **89,645** | 97,775 |
| Public debtors * | **9,210** | 7,245 |
| | **98,855** | 105,020 |

*Public debtors comprise of government and hospitals.

**ASPEN PHARMA IRELAND LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
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19 **Financial risk management** continued

19.7 **Credit risk** continued

*Amount due from group companies and other receivables*

The company uses four categories for amounts due from related companies and other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Company's ECL model is as follows:

| **Category** | **Company definition of category** | **Basis for recognition of expected credit loss provision** |
|---|---|---|
| Performing | Amounts due from group companies and other receivables whose credit risk is in line with original expectations. | 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1). |
| Underperforming | Amounts due from group companies and other receivables for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due date. | Lifetime expected losses (stage 2). |
| Non-performing (credit impaired) | Interest and/or principal repayments are 60 days past due or it becomes bankruptcy. | Lifetime expected losses (stage 3). |
| Write-off | Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery. | Asset is written off. |

*Cash and cash equivalents*

Bank balances are placed with approved financial institutions and reputable banks. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

**ASPEN PHARMA IRELAND LIMITED**

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19 **Financial risk management** continued

19.8 **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt, distribute dividends or engage with the parent company to issue additional shares.

The Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of changes in equity.

19.9 **Market risk management**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The market risks that the Company is primarily exposed to is foreign currency risk. Market risk is managed by identifying and quantifying risks on the basis of current and future expectations and ensuring that all trading occurs within defined parameters. This involves the review and implementation of methodologies to reduce risk exposure. The reporting on the state of the risk and risk practices to executive management is part of this process. The processes set up to measure, monitor and mitigate these market risks are described above.

20 **Commitments**

**Minimum future lease payments - operating leases**

The company rents offices under operating leases that are cancellable at various short-term notice periods by either party.

| | 2019<br>€'000 |
|---|---|
| **Operating lease expense** | |
| Offices | 866 |
| Motor vehicles | 762 |
| | 1,628 |
| **Operating lease commitments** | |
| Offices | 2,039 |
| Motor vehicles | 1,267 |
| | 3,306 |
| **The future minimum operating lease payments are as follows** | |
| Less than 1 year | 1,038 |
| Between 1 and 5 years | 2,268 |
| | 3,306 |

*The values above for 2019 are accounted for in terms of IAS 17 - Leases. Subsequently for 2020 these leases are accounted for in terms of IFRS 16 - Leases. Refer to note 2 for details of the adoption of the new standard.*

**Other commitments**

No guarantees were given by the Company to third parties.

**ASPEN PHARMA IRELAND LIMITED**

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21 **Other matters**

**European Commission**
In May 2017, the European Commission ("EC") opened an investigation in terms of Article 102 of the TFEU in respect of Aspen's pricing practices for its products containing the active pharmaceutical ingredients Chlorambucil, Melphalan, Mercaptopurine, Tioguanine and Busulfan ("Products"). The investigation covers all of the European Economic Areas, excluding Italy.

Aspen and the EC have settled the revised net selling prices of each of the Products in each of the Member States. The Aspen Commitments (settlement) are in the process of Member State review and should this process not raise any substantive issues the EC intends to accept the Commitments and make them binding upon Aspen. Once the Commitments are accepted by the EC, Aspen will need to work with each of the Member States on their implementation.

In terms of the Commitments, which are in respect of the Products:

i. Aspen will undertake to reduce its prices of the Products to achieve a pre-determined EBITDA margin and, subject to exceptional circumstances, not exceed these prices for a period of 10 years.

ii. Aspen will commit to continuing supply of the Products for a period of at least 5 years. Should it elect to discontinue the supply of any of the Products prior to the end of 10 years, Aspen will either sell the rights to the Product(s) so discontinued or maintain the relevant marketing authorisations for the balance of 10 years.

iii. Aspen will make a one-time payment to the ultimate funders of the Products in each Member State. This payment will be calculated as the difference between Aspen's actual sales of the Products in the Member Sate between 1 October 2019 and the implementation date of the new prices and the same sales had they been made at the revised lower prices. It is estimated that the revised prices will be formally introduced in Q4 2020 in which case the payment will cover a period of between 12 and 15 months.

iv. The estimate of the above payment, based on an average 73% reduction in the prices of the Products, is between €20m and €25m which would be paid over an estimated implementation period of 6 months.

Consistent with Article 9 of Regulation 1/2003, these Commitments do not constitute an acknowledgement that Aspen has infringed EU competition law. Upon acceptance of the Commitments, the Commission will discontinue the investigation in the case, without concluding whether there has been or still is an infringement of EU law.

The estimated liability relating to the one-time payment of €24m has been provided for as a current liability in the statement of financial position.

**ASPEN PHARMA IRELAND LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2020**

22 **Contingent liabilities**

As at 30 June 2020, the Company has no material litigation claims outstanding, pending or threatened against, which could have a material effect on the Company's financial position or results of operations.

23 **Subsequent events**

In September 2020, the boards of Aspen Global Incorporated ("AGI") and Aspen Pharmacare Holdings Limited have decided to approve the divestment of the commercialisation rights and related intellectual property relating to Aspen's Thrombosis Business in Europe ("European Thrombosis Business"). AGI's thrombosis products are sold under the brand names, and variations of the brand names, Arixtra, Fraxiparine, MonoEmbolex and Orgaran ("the Products") in Europe. Mylan has retained AGI (via its subsidiary, Aspen France SAS) as its distributor of these products in France. The transaction was not considered highly probable as at 30 June 2020 and accordingly will be disclosed as a post-balance sheet non-adjusting event in terms of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations and IAS 10 - Events after the Reporting Period.

**ASPEN PHARMA IRELAND LIMITED**
**(Incorporated in Ireland)**
**Registration number: 525086**

# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

**ASPEN PHARMA IRELAND LIMITED**

**ANNUAL FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2020**

**COMPANY INFORMATION**

| | |
|---|---|
| Board of Directors at report date: | Alan Quinn<br>Naudé de Klerk<br>Chris Botha |
| Registered Office: | One George's Quay Plaza<br>Dublin 2 |
| Registered Number: | 525086 |
| Auditors: | PricewaterhouseCoopers<br>Chartered Accountants and Statutory Auditors<br>One Spencer Dock, North Wall Quay, Dublin 1, Ireland |
| Bankers: | Bank of Ireland<br>50-55, Baggot Street Lower,<br>Dublin 2 |
| | BNP Paribas S.A Niederlassung Deutschland<br>Europa-Allee 12 - 60327, Frankfurt am Main<br>Germany |
| | BNP Paribas S.A. - Sofia Branch<br>2 Tsar Osvoboditel Blvd, p.b. 11, Sofia 1000<br>Bulgaria |
| | BNP Paribas S.A.<br>Montagne du Parc 3 , 1KB3D - 1000 Brussels<br>Belguim |
| | BNP Paribas Fortis<br>SA/NV Niederlassung Österreich Herrengasse 1-3, 1010 Vienna<br>Austria |
| | BNP Paribas S.A. Paris Sucursala Bucuresti<br>Bucuresti, str. Banul Antonache nr.40-44, etaj 5, sector 1<br>Romania |
| | BNP Paribas<br>10 Harewood Avenue London NW1 6AA<br>United Kingdom |
| | BNP-Paribas Magyarországi fióktelepe<br>Széchenyi István tér 7-8. 1051 Budapest<br>Hungary |
| | BNP Paribas<br>S.A 5 Georges Dock, IFSC Dublin 1<br>Ireland and Italy |
| | Bank BGŻ BNP Paribas SA<br>02-683 Warszawa<br>Poland |
| | Tatra banka, a.s.<br>Hodžovo nám. 3 811 06 Bratislava<br>Slovakia |

**ASPEN PHARMA IRELAND LIMITED**

**ANNUAL FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2020**

**COMPANY INFORMATION** continued

| | |
|---|---|
| Bankers (continued): | BNP Paribas S.A. Denmark, Filial af BNP Paribas S.A. Frankrig<br>Adelgade 12, 3. DK - 1304 Copenhagen K<br>Denmark |
| | Nybrokajen 5, 111 48 Stockholm, Sweden<br>Sweden |
| | Munkedamsveien 35<br>0250 Oslo<br>Norway |
| Solicitors | A & L Goodbody<br>North Wall Quay<br>Dublin 1 |

**ASPEN PHARMA IRELAND LIMITED**

**ANNUAL FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2020**

**Contents**

**ASPEN PHARMA IRELAND LIMITED**

**REPORT OF THE DIRECTORS**
**FOR THE YEAR ENDED 30 JUNE 2020**

The directors present their report and the financial statements of Aspen Pharma Ireland Limited ("the Company") for the financial year ended 30 June 2020.

**Statement of directors' responsibilities**
The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law. Irish law requires the directors to prepare financial statements for each financial year giving a true and fair value of the Company's assets and liabilities and financial position at the end of the financial year and the profit or loss of the Company for the financial year. Under that law the directors have prepared the financial statements in accordance with IFRS as adopted by the European Union (EU IFRS) and with those parts of the Companies Act 2014 applicable to companies reporting under EU IFRS. Under Irish law the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Company for the financial year. In preparing these financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;
• make judgements and estimates that are reasonable and prudent;
• state whether the financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, subject to any material departures disclosed and explained in the new notes to the financial statements and ensure that they contain the additional information required by the Companies Act 2014; and
• 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:
• correctly record and explain the transactions of the Company;
• enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
• enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors 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.

**Accounting records**
The measures taken by the directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at One George's Quay Plaza Dublin 2.

**Results and dividends**
The Company's loss after tax for the financial year ended 30 June 2020 was €8,974,745 (2019 profit: €5,406,915).

No dividends were declared during the current financial year (2019: €5,000,000)

**Principal activities and business review**
Aspen Pharma Ireland Limited is part of Aspen Pharmacare Holdings Limited, a JSE listed South Africa based company and holds the sales and distribution rights for Europe & CIS ("Commonwealth of Independent States") countries. The product portfolio includes anaesthetics, anti-thrombotic, oncology, hormonals, cardiovascular, immunosuppressant, anti -gout agents, endocrine.

Revenue for the year increased to €430 million, up 2% compared to prior year close of €420 million. During the 2020 financial year, there was a significant increase in the inter-company sales from APIL to Aspen Spain entity of +€ 11 million due to transition of the Thrombosis business along with full calendar year impact of operations on the Spanish entity. There was also an increase in inter-company sales to Aspen Germany of +€ 5M driven by higher supplies on the Anesthetics brands, partially Covid-19 driven and regularization of Citanest supply in the financial year.

The Company's FY20 sales were also positively impacted by the transition of Turkey business into to the entity accounting for +€ 5 million of additional sales vs. prior year. The Anesthetics therapeutic area also saw an overall increase of +€ 6 million vs. prior year driven by the higher demand on Covid-19 related brands such as Diprivan (+€ 5 million) and Ultiva (+€ 4 million) in specific markets such as UK, Italy and NORDICS. These gains were however partially offset by a decline in other brands such as EMLA of (€ 2 million) and Xylocaine (€ 1 million) across various markets primarily due to Covid-19 driven lower demand. Thrombosis sales (excluding inter-company sales) were down (€ 12 million) in FY20 and were significantly impacted towards the last quarter of the year due to operations being postponed / cancelled and competitor pricing pressure. The Fraxiparine brand was the key driver of the sales decline driving (€ 11 million) of the total decline primarily in CEE and BENELUX regions. During FY20 the Company also divested the Fludrocortisone brand (March 20) to Mylan resulting in lower sales of (€ 3 million) vs. prior year primarily impacting UK.

The total gross margin in the current year closed at 20%, compared to 22% in the prior financial year. The decline in margins is primarily driven by the significant increase in inter-company sales (being done at NIL margins) along with additional stock write off provisions (partially driven by higher stock due to Covid-19 impact), inventory revaluation and pricing dilution in FY20.

**ASPEN PHARMA IRELAND LIMITED**

**REPORT OF THE DIRECTORS**
**FOR THE YEAR ENDED 30 JUNE 2020**

| Leading brands | | | | |
|---|---|---|---|---|
| **Brand name** | **Classification** | **Therapeutic category** | **Therapeutic application** | **2020 Revenue (€)** |
| 1 Fraxiparine | Pharmaceutical | Thrombosis | Prevention of Clotting | 115,039,368 |
| 2 Mono-E | Pharmaceutical | Thrombosis | Prevention of Clotting | 41,661,762 |
| 3 Arixtra | Pharmaceutical | Thrombosis | Prevention of Clotting | 38,822,467 |
| 4 Xylocaine | Pharmaceutical | Anesthetics | Topical and local anesthetic | 27,514,264 |
| 5 Emla | Pharmaceutical/OTC | Anesthetics | Topical and local anesthetic | 18,658,054 |
| 6 Imuran | Pharmaceutical | High Potency And Cytotoxics | Organ Transplant | 18,149,224 |
| 7 Purinethol | Pharmaceutical | High Potency And Cytotoxics | Cancer therapy | 17,230,224 |
| 8 Diprivan | Pharmaceutical | Anesthetics | Propofol used for Anesthesia | 15,628,318 |
| 9 Ovestin | Pharmaceutical | High Potency And Cytotoxic | Women's healthcare product | 15,294,668 |
| 10 Ultiva | Pharmaceutical | Anesthetics | Analgesic agent used for anesthesia | 14,066,203 |

**Research and development**
The Company is not currently undertaking any research or development.

**Future developments**
There will be a transition of the Turkey market related sales to other Aspen operating entity's. In addition there is the potential discontinuation of certain Fraxi products in select markets given significant increase in Heparin costing.

**Operational risk**
The Company's business involves the supply of pharmaceutical product to the European and CIS markets. The Company is impacted by economic growth of these markets, adequate supply of product, activities of competitors and regulatory issues. The Company manages this risk through ensuring a sufficient pipeline of product to the market, appropriate levels of advertising and marketing and trade compliance in the European and CIS markets. The Company's regulatory team ensure the Company meets its obligations on regulatory matters.

**Financial risk management**
The Company is exposed to foreign currency risk, liquidity risk, credit risk and market risk arising from its financial instruments. Financial risk management details are set out in note 19.

The policies implemented by the company's finance department are aligned to the applicable Group financial risk management policies.

**Post year-end events**
The boards of Aspen Global Incorporated ("AGI") and Aspen Pharmacare Holdings Limited have decided to approve the divestment of the commercialisation rights and related intellectual property relating to Aspen's Thrombosis Business in Europe ("European Thrombosis Business"). AGI's thrombosis products are sold under the brand names, and variations of the brand names, Arixtra, Fraxiparine, MonoEmbolex and Orgaran ("the Products") in Europe. Mylan has retained AGI (via its subsidiary, Aspen France SAS) as its distributor of these products in France.

**Other matters**
Please refer to note 21 for more detail on potential disputed matters.

**ASPEN PHARMA IRELAND LIMITED**

**REPORT OF THE DIRECTORS**
**FOR THE YEAR ENDED 30 JUNE 2020**

**Going concern and impact of COVID-19**
The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Company is both liquid and solvent. The Directors have also considered the potential implications of COVID-19 in their assessment of the entity's ability to continue as a going concern and whereas the situation is still evolving, they believe that it will not have a significant adverse effect on the business. There have been no immediate material shocks to the business that require adjustments or disclosures in the financial statements for the year ended 30 June 2020.

**Directors**
The names of the persons who were directors at any time during the financial year ended 30 June 2020 and to the date of the report, are set out below. Unless indicated otherwise they have served for the entire year and up to date of this report.

Alan Quinn
Derek Davies (resigned on 01 February 2020)
Petra Gabriele Schaller (resigned on 15 January 2020)
Dennis Dencher (resigned on 15 August 2019)
Chris Botha (appointed on 15 August 2019)
Naudé de Klerk

**Directors' and secretary's interests**
The directors and secretary and their families have no disclosable interests in the share capital of the Company, or the Company's parent company or any other Group company at 30 June 2020.

**Directors' compliance statement**
The directors acknowledge that they are responsible for securing the company's compliance with its relevant obligations.

The directors confirm that ;
• A compliance policy statement setting out the Company's policies, that in our opinion are appropriate to the Company, has been drawn up.
• Appropriate arrangements or structures that are designed to secure material compliance with the Company's relevant obligations have been put in place.
• A review of the arrangements and structures referred to at second point above has been conducted during the financial year ended 30 June 2020.

**Disclosure of information to auditors**
The directors in the office at the date of this report have each confirmed that :
• As far as directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
• Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of this information.

**Audit committee**
The ultimate holding Company, Aspen Pharmacare Holdings Limited assumes the functions of the audit committee for all group companies and as such, no audit committee for the Company was established as this was deemed adequate.

**Statutory auditors**

The Group's Audit & Risk Committee has recommended, and the Board has endorsed, the proposed appointment of Ernst & Young Inc. (EY) as the auditors of Aspen Pharmacare Holdings Limited for the financial year ending 30 June 2021. This appointment of EY will be put to the shareholders of Aspen Pharmacare Holdings Limited at the annual general meeting scheduled for the 09 December 2020.

Alan Quinn
Director
21 October 2020

Naudé de Klerk
Director

**INDEPENDENT AUDITORS' REPORT**
**To the members of Aspen Pharma Ireland Limited**

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## *Independent auditors' report to the members of Aspen Pharma Ireland Limited*

### Report on the audit of the financial statements

#### Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Aspen Pharma Ireland Limited's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 30 June 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Financial Statements, which comprise:

- the Statement of financial position as at 30 June 2020;
- the Statement of profit or loss and other comprehensive income for the year then ended;
- the Statement of cash flows for the year then ended;
- the Statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements.

#### Basis for qualified opinion

We were unable to attend the company's inventory counts in the Nordics and UK regions at 30 June 2020 due to the Covid-19 pandemic. We were unable to obtain sufficient appropriate audit evidence through alternative procedures to verify the existence and condition of inventory of €26,118,414 at these locations as at 30 June 2020.

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

*Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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## Reporting on other information

The other information comprises all of the information in the Annual Financial Statements 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 other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Report of the Directors.

## Responsibilities for the financial statements and the audit

*Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they 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.

*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 (Ireland) 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 IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## Other required reporting

**Companies Act 2014 opinions on other matters**

- In respect solely of the limitation on our work relating to inventory, described in the Basis for our qualified opinion paragraph above, we have not obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

**Other exception reporting**

*Directors' remuneration and transactions*

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Nadine Watters
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
21 October 2020

**ASPEN PHARMA IRELAND LIMITED**

**STATEMENT OF FINANCIAL POSITION**
**AT 30 JUNE 2020**

| | Notes | 2020<br>€'000 | 2019<br>€'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 1 | **251** | 412 |
| Right of use assets | 2 | **2,970** | - |
| Intangible assets | 3 | **17** | 43 |
| Deferred tax assets | 4 | **277** | 266 |
| **Total non-current assets** | | **3,515** | 721 |
| **Current assets** | | | |
| Inventories | 5 | **79,013** | 90,878 |
| Trade and other receivables | 6 | **100,892** | 107,156 |
| Cash and cash equivalents | 7 | **16,046** | 15,376 |
| Amounts due from group companies | 8 | **17,445** | 17,312 |
| Current tax assets | | **2,606** | 347 |
| **Total current assets** | | **216,002** | 231,069 |
| **Total assets** | | **219,517** | 231,790 |
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' equity** | | | |
| Share capital | 9 | **42,001** | 42,001 |
| Retained income | | **16,346** | 25,321 |
| Non-distributable reserves | | **2,125** | 2,125 |
| **Total shareholders' equity** | | **60,472** | 69,447 |
| **Non-current liabilities** | | | |
| Lease liabilities | 2 | **2,080** | - |
| **Total non current liabilities** | | **2,080** | - |
| **Current liabilities** | | | |
| Trade and other payables | 10 | **151,801** | 155,900 |
| Lease liabilities | 2 | **949** | - |
| Amounts due to group companies | 8 | **4,215** | 6,443 |
| **Total current liabilities** | | **156,965** | 161,916 |
| **Total equity and liabilities** | | **219,517** | 231,790 |

Alan Quinn
Director
21 October 2020

Naudé de Klerk
Director

**ASPEN PHARMA IRELAND LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 30 JUNE 2020**

| | Notes | 2020<br>€'000 | 2019<br>€'000 |
|---|---|---|---|
| Revenue | 11 | **429,538** | 419,786 |
| Cost of sales | 12 | **(343,189)** | (325,483) |
| **Gross profit** | | **86,349** | 94,303 |
| Other operating income | | **95** | 216 |
| Administrative expenses | 12 | **(27,065)** | (25,792) |
| Selling and distribution expenses | 12 | **(35,876)** | (38,738) |
| Other operating expenses | 12 | **(30,361)** | (20,310) |
| **Operating (loss)/profit** | | **(6,858)** | 9,679 |
| Financing costs | 16 | **(2,350)** | (757) |
| **(Loss)/profit before tax** | | **(9,208)** | 8,922 |
| Tax | 17 | **233** | (3,515) |
| **(Loss)/Profit for the year** | | **(8,975)** | 5,407 |

There are no other comprehensive income adjustments, therefore (loss)/profit after tax equals total comprehensive (loss) income.

**ASPEN PHARMA IRELAND LIMITED**

**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 30 JUNE 2020**

| | Share capital | Non-distributable reserves | Retained income | Total equity |
|---|---|---|---|---|
| | €'000 | €'000 | €'000 | €'000 |
| Balance at 1 July 2018 | 42,001 | 2,125 | 24,914 | 69,040 |
| Dividend paid | - | - | (5,000) | (5,000) |
| Total comprehensive income for the year | - | - | 5,407 | 5,407 |
| **Balance at 30 June 2019** | 42,001 | 2,125 | 25,321 | 69,447 |
| Balance at 1 July 2019 | **42,001** | **2,125** | **25,321** | **69,447** |
| Total comprehensive loss for the year | **-** | **-** | **(8,975)** | **(8,975)** |
| **Balance at 30 June 2020** | **42,001** | **2,125** | **16,346** | **60,472** |

**ASPEN PHARMA IRELAND LIMITED**

**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 30 JUNE 2020**

| | Notes | 2020<br>€'000 | 2019<br>€'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | A | **8,319** | 4,439 |
| Tax paid | B | **(2,037)** | (1,975) |
| Net financing cost paid | | **(2,350)** | (757) |
| **Cash generated from operating activities** | | **3,932** | 1,707 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | **(36)** | (148) |
| Proceeds on disposal of property, plant and equipment | | **-** | 23 |
| Net cash inflow/(outflows) - amounts due from group companies | | **133** | (15,970) |
| **Cash generated from investing activities** | | **97** | (16,095) |
| **Cash flows from financing activities** | | | |
| Net cash (outflow)/inflows - amounts due to group companies | | **(2,228)** | 535 |
| Dividends paid | | **-** | (5,000) |
| Other financing activities | | **-** | 9 |
| Repayment of interest-bearing borrowings | | **(356)** | - |
| Repayment of lease liability | | **(775)** | - |
| **Cash used in financing activities** | | **(3,359)** | (4,456) |
| Movement in cash and cash equivalents | | **670** | (18,844) |
| Cash and cash equivalents at the beginning of the year | | **15,376** | 34,223 |
| **Cash and cash equivalents at the end of the year** | C | **16,046** | 15,376 |

ASPEN PHARMA IRELAND LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

| | 2020<br>€'000 | 2019<br>€'000 |
|---|---|---|
| **NOTES TO THE STATEMENT OF CASH FLOWS**<br>**for the period ended 30 June 2020** | | |
| **A Cash generated from operations** | | |
| Operating (loss)/profit for the year | (6,858) | 9,679 |
| Adjusted for: | | |
| Depreciation | 1,349 | 544 |
| Amortisation of intangible assets | 26 | 70 |
| IFRS 2 expense - cash settled | (414) | 7 |
| Impairment charges - receivables | (413) | (136) |
| Impairment charge - inventories | (905) | 1,757 |
| Other non - cash items | 186 | 87 |
| Cash operating (loss)/profit | (7,029) | 12,008 |
| Changes in working capital | 15,348 | (7,569) |
| Decrease in trade and other receivables | 6,677 | 13,831 |
| Decrease/(increase) in inventories | 12,770 | (21,335) |
| Decrease in trade and other payables | (4,099) | (65) |
| Cash generated from operations | 8,319 | 4,439 |
| **B Tax paid** | | |
| Amounts overpaid at the beginning of the year | 347 | 1,965 |
| Per income statement (excluding deferred taxation) | 222 | (3,593) |
| Amounts overpaid at the end of the year | (2,606) | (347) |
| | (2,037) | (1,975) |
| **C Cash and cash equivalents** | | |
| Cash in transit | 983 | (467) |
| Bank balances | 15,063 | 15,843 |
| | 16,046 | 15,376 |

**ASPEN PHARMA IRELAND LIMITED**

**ACCOUNTING POLICIES**
**FOR THE YEAR ENDED 30 JUNE 2020**

## 1 GENERAL INFORMATION

Aspen Pharma Ireland Limited is a limited liability company domiciled in Ireland and incorporated on 13 March 2013. The Company is a wholly owned subsidiary of Aspen Global Incorporated ("parent company"), which is incorporated in Mauritius and wholly owned by Aspen Pharmacare Holdings Limited, a company incorporated in South Africa. Copies of the Aspen Pharmacare Holdings Limited financial statements are publically available. The principal activity of the Company is to acquire pharmaceutical and over-the-counter products from Aspen Global Incorporated and distribute them in countries across Europe.

## 2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations approved by the International Accounting Standards Board (IASB) as adopted by the EU and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. IFRS adopted by the EU differ in certain respects from IFRS issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the EU. The financial statements have been prepared under the historical cost convention as modified by the revaluation of the financial assets and financial liabilities at fair value through the profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the entity financial statements are disclosed on page 23.

**ASPEN PHARMA IRELAND LIMITED**

**ACCOUNTING POLICIES**
**FOR THE YEAR ENDED 30 JUNE 2020**

2.1 **NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS**

(i) **International Financial Reporting Standards and amendments effective for the first time for 30 June 2020 year end**
The following standards, amendments and interpretations were issued and effective for the first time in the current year:

- Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.
- IFRS 16 – Leases
- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement.
- Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures.
- IFRS 9 – Financial Instruments (2009 & 2010): financial liabilities, derecognition of financial instruments, financial assets and general hedge accounting
- IFRIC 23, 'Uncertainty over income tax treatments'

**IFRS 16 - Leases**

The Company applied IFRS 16 – Leases retrospectively from 1 July 2019, using the modified retrospective approach. Comparatives are not restated under this approach. Consequently there was no impact to opening retained earnings on adoption of IFRS 16. The accounting policies have been updated accordingly.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 - Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019.

Management assessed leases and applied IFRS 16 on all leases previously accounted for in terms of IAS 17. There was no need for management to apply the practical expedients as permitted by the standard, when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

The Company has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 - Determining whether an Arrangement contains a Lease.

| | **2020** |
|---|---|
| *Measurement of lease liability* | **€'000** |
| Operating lease commitments disclosed as at 30 June 2019 | 3,306 |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | 3,143 |
| **Lease liability recognised as at 1 July 2019** | **3,143** |
| Of which are: | |
| Current lease liabilities | 632 |
| Non-current lease liabilities | 2,511 |
| | **3,143** |

*Measurement of right-of-use assets*
On adoption of IFRS 16,the associated right-of-use assets for all leases were measured on a prospective basis at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 30 June 2019.

*Adjustments recognised in the statement of financial position on 1 July 2019*
The change in accounting policy affected the following items in the statement of financial position on 1 July 2019:

| | **2020** |
|---|---|
| | **€'000** |
| Right-of-use assets | 3,143 |
| **Total assets** | **3,143** |
| | |
| Lease liabilities - current | 632 |
| Lease liabilities - non-current | 2,511 |
| **Total liabilities** | **3,143** |

*Lessor accounting*
The Company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16 because it is not a party to any lease agreements where it is a lessor.

**ASPEN PHARMA IRELAND LIMITED**

**ACCOUNTING POLICIES**
**FOR THE YEAR ENDED 30 JUNE 2020**

2.1 **NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS** continued

(ii) **International Financial Reporting Standards and amendments issued but not effective for 30 June 2020 year end**
The following standards, amendments and interpretations were issued but not yet effective for the current financial year end. They have no material impact on the Company's financial statements:

- Amendment to IAS 1 – Presentation of financial statements and IAS 8 – Accounting policies, changes in accounting estimates and errors : on the definition of material.
- Amendments to IAS 19 – Employee benefits : on plan amendment, curtailment or settlement.
- Amendment to IFRS 3 – Business combinations : on definition of a business
- Amendments to IFRS 9 – Financial instruments : on prepayment features with negative compensation and modification of financial liabilities.
- Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosure – Interest rate benchmark reform.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. Except as otherwise disclosed, these policies are consistent in all material respects with those applied in previous years.

3.1 **GOING CONCERN AND IMPACT OF COVID-19**

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Company is both liquid and solvent. We have also considered the potential implications of COVID-19 in its assessment of the entity's ability to continue as a going concern and whereas the situation is still evolving, we believe that it will not have a significant adverse effect on our business. There have been no immediate material shocks to our business that require adjustments or disclosures in the financial statements for the year ended 30 June 2020.

3.2 **FOREIGN CURRENCY TRANSLATION**
(i) ***Functional and presentation currency***
Items included in the financial statements are measured using the functional currency of the primary economic environment in which that entity operates. The financial statements are presented in Euro, which is the functional and presentation currency of Aspen Pharma Ireland Limited.

(ii) ***Foreign currency transactions***
Foreign currency transactions are translated into the functional currency using the rate of exchange ruling at the transaction date. To the extent that transactions occur regularly throughout the period, they are translated at the average rate of exchange for the period since this is deemed to provide a reasonable approximation of the actual exchange rates prevailing at the dates on which those transactions occurred.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity at the rates of exchange ruling at period-end. Foreign exchange gains or losses resulting from the translation and settlement of monetary assets and liabilities are recognised in the statement of profit or loss and other comprehensive income as other gains or losses below operating profit.

3.3 **INTANGIBLE ASSETS**

An intangible asset is recognised when:
• it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
• the cost of the asset can be measured reliably.

Intangible assets are stated at historical cost less accumulated amortisation and accumulated impairment losses. Intangible assets are not revalued. Amortisation is included in other operating expenses on the statement of profit or loss and other comprehensive income.

ASPEN PHARMA IRELAND LIMITED

ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2020

3.3 **INTANGIBLE ASSETS** continued

(i) ***Computer software***
Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated remaining useful lives.

Costs associated with developing computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets, if they meet the following criteria:

• the costs can be measured reliably;
• the software is technically feasible;
• future economic benefits are probable;
• the Company intends to and has sufficient resources to complete development; and
• the Company intends to use or sell the asset.

Direct costs include the cost of software development employees and cost of testing. Computer software development costs recognised as assets are amortised over their estimated useful lives. The estimate of the useful lives of software range between 1 and 9 years for the financial year.

The amortisation period and the amortisation method for intangible assets are reviewed every year-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| | |
|---|---|
| Computer software | 1 - 10 years |

3.4 **PROPERTY, PLANT AND EQUIPMENT**

The cost of an item of plant and equipment is recognised as an asset when:
• it is probable that future economic benefits associated with the item will flow to the company; and
• the cost of the item can be measured reliably.

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Property, plant and equipment is depreciated to its estimated residual value on a straight-line basis over its expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each period-end date. The expected useful life of property, plant and equipment per category is:

| | |
|---|---|
| Furniture and fittings | 1 - 4 years |
| Office equipment | 1 - 4 years |
| Computer hardware | 1 - 3 years |

Property, plant and equipment is tested for impairment whenever there is an indication that the asset may be impaired, in accordance with the requirements of IAS 36, Impairment of Assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit on the statement of profit or loss and other comprehensive income.

3.5 **RIGHT-OF-USE ASSETS AND LEASES**

The company's leases are made up of buildings and motor vehicles. Rental contracts are typically made for fixed periods are described below.

From 01 July 2019, at inception of a contract, the company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company recognises a right-of-use asset and a lease liability at the lease commencement date for most leases. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

**ASPEN PHARMA IRELAND LIMITED**

**ACCOUNTING POLICIES**
**FOR THE YEAR ENDED 30 JUNE 2020**

3.5 **RIGHT-OF-USE ASSETS AND LEASES** continued

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The estimated remaining useful life information for 2020 was as follows:

| | |
|---|---|
| Buildings | 2 - 10 years |
| Motor vehicles | 2 - 10 years |

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The company applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the company's business planning cycle, significance of related leasehold improvements and past history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A number of leases entitle both the lessee and the lessor to terminate the lease without a termination penalty. In determining whether the company has an economic incentive to not exercise the termination option, the company considers the broader economics of the contract and not only contractual termination payments.

A number of lease contracts include both lease and non-lease components (e.g. maintenance, security, etc). The company allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone selling prices. The stand-alone selling prices of each component are based on available market prices. The company has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in the profit and loss as they are incurred.

The company elected not to recognise right-of-use assets and lease liabilities for short -term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The company defines low-value leases as leases of assets for which the value of the underlying asset when it is new is USD 5 000 or less. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.6 **TAX**

The tax expense comprises current tax, deferred tax, capital and wealth taxes and withholding taxes. The tax expense does not include taxes associated with amounts reflected in other comprehensive income, discontinued operations and equity. The tax associated with those amounts is reflected directly in other comprehensive income, discontinued operations or equity, respectively.

(i) ***Current tax***
The current tax charge is the tax that is expected to be payable on the profits generated during the year and any adjustments to the tax payable in respect of prior years. The current tax charge also includes provisions where it is likely that a tax authority may take a different position to the filing positions taken by the Company.

(ii) ***Deferred tax***
The deferred tax charge is the tax that is expected to be payable in future or relief that is expected to materialize in future, applying the liability method. The deferred tax charge includes adjustments to the opening deferred tax balances to recognise tax filing adjustments and to adjust the statutory tax rate that is utilised for determining the opening deferred tax balance.

(iii) ***Withholding taxes***
Withholding tax is payable at varying rates on interest, management fees, licenses and dividends which are declared.

ASPEN PHARMA IRELAND LIMITED

ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2020

3.7 **DEFERRED TAX**

***Recognition and measurement***
Deferred tax is provided using the liability method, providing for temporary differences arising between the tax base and the accounting carrying value of amounts reflected in the financial statements. Deferred tax is, however, not provided for temporary differences that arise from the initial recognition of an asset or liability where that transaction does not affect accounting and tax profits and losses. The only exception to this being when that asset or liability arises in terms of a business combination. Deferred tax is determined at tax rates that are enacted or substantively enacted at year end and are expected to apply when that temporary differences reverses.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries and associates where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are only offset to the extent that the balances are recoverable from the same tax authority and there is a legal right to offset them at settlement of those balances.

3.8 **FINANCIAL INSTRUMENTS**

***Classification***
The classification of financial assets and liabilities is dependent on the purpose for which the financial asset or liabilities were acquired or incurred. Management determines the classification of its financial asset or liabilities at the time of initial recognition.

The Company has classifies its financial assets and liabilities as those to be subsequently measured at amortised cost using the effective interest rate method.

***Recognition and derecognition***
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

***Measurement***
At initial recognition, the Company measures financial assets and liabilities at their fair value plus transaction costs that are directly attributable to the acquisition of the financial assets and liabilities.

*Debt instruments*
Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

*The Company has classified all its debt its instruments as amortised cost:*
Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income or statement of profit or loss and statement of comprehensive income as applicable.

***Subsequent measurement - Impairment***
The Company assesses on a forward looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has three types of financial instruments that are subject to the ECL model:
• Trade receivables
• Other receivables
• Amounts due from other group companies.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses an expected credit loss allowance/provision for all trade receivables and amounts due from group company.

IFRS 9 allows an entity to use a simplified "provision matrix" for calculating expected losses as a practical expedient for trade receivables, if consistent with the general principles for measuring expected losses. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

ASPEN PHARMA IRELAND LIMITED

**ACCOUNTING POLICIES**
**FOR THE YEAR ENDED 30 JUNE 2020**

3.8 **FINANCIAL INSTRUMENTS** continued

***Subsequent measurement - Impairment*** continued
To measure the expected credit losses, trade receivables and amounts due to group company have been grouped based on shared credit risk profile and the days past due. The Company has therefore concluded the expected loss rates for trade receivables and amounts due to group company based on historical sales and write offs over a period of 36 months before 30 June 2018 and adjusted for current and forward-looking estimates.

This provision is recognised through the use of an allowance account for losses. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable or amount due from group company is uncollectible, it is written off against the allowance account for losses.

Trade receivables or amounts due from group company are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group for a period of greater than 180 days past due.

If, in a subsequent period, the amount of the impairment loss, the reversal of the previously recognised impairment loss is credited against administrative expenses in the statement of comprehensive income.

The decrease can be related to an adjustment in the expected credit loss rate or to a related, objective event occurring after the impairment was recognised.

3.9 **INVENTORIES**

The Company recognises inventories initially at cost when it has control of the inventories, expects it to provide future economic benefits and the cost can be measured reliably. Cost is determined on the first-in-first-out basis. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Inventories are subsequently measured at the lower of cost and net realisable value. The carrying values of finished goods and work-in-progress include raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but exclude borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

A provision for obsolete inventories is established when there is evidence that no future economic benefits will be obtained for such inventories. The carrying amount of the inventories is reduced and the amount of the loss is recognised in the statement of comprehensive income within cost of sales.

3.10 **TRADE RECEIVABLES**

Receivables and other current assets are initially recognised at fair value and subsequently measured at amortised cost, less impairments, using the effective interest rate method. No fair value adjustment is made for the effect of time value of money where receivables have a short-term profile.

The amount of the provision is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. This provision is recognised through the use of an allowance account for losses. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for losses.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is credited against administrative expenses in the statement of comprehensive income.

3.11 **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are initially measured at fair value and subsequently carried at amortised cost. For the purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents comprise cash-on-hand and deposits held on call with banks.

3.12 **SHARE CAPITAL**

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares are deducted from share capital.

**ASPEN PHARMA IRELAND LIMITED**

**ACCOUNTING POLICIES**
**FOR THE YEAR ENDED 30 JUNE 2020**

3.13 **IMPAIRMENT**

The Company reviews the carrying value of its tangible assets annually and if events occur which call into question the carrying value of the assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's fair value less cost to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount. The Company assesses at each period-end date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment testing of trade receivables is described in note 6.

3.14 **TRADE PAYABLES**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.15 **REVENUE RECOGNITION**

Revenue is derived from the supply of speciality, branded and generic pharmaceutical products to provide treatment for a broad spectrum of acute and chronic conditions.

Revenue is recognised based on the completion of performance obligations and an assessment of when control is transferred to the customer.

The following indicators are used by the Company in determining when control has passed to the customer:

- The Company has a right to payment for the product or service;
- the customer has legal title to the product;
- the Company has transferred physical possession of the product to the customer;
- the customer has the significant risk and rewards of ownership of the product; and
- the customer has accepted the product.

Revenue is measured based on the consideration specified in a contract with a customer and in compliance with legislated pricing in the various regulated markets.

The Company evaluates the following control indicators amongst others when determining whether it is acting as a principal or agent in the transactions with customers and recording revenue on a net basis:

- The Company is primarily responsible for fulfilling the promise to provide the specified goods or service;
- the Company has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; and
- the Company has discretion in establishing the price for the specified good or service, excluding pricing set according to regulations.

No significant element of financing is deemed present, other than on onerous contracts, as the sales are made with credit terms less than one year. The onerous contracts are discounted to present value using appropriate market-related discount rates.

The main stream of revenue and the bases of recognition is as follows:

**Sale of goods:**
Revenue is recognised at a point in time when control of the pharmaceutical products supplied has transferred, being when the products are delivered to the customer. Delivery occurs when the products has been dispatched to the specific location, the risks of obsolescence and loss have been transferred and the customer accepted the products in accordance with the sales contract. Revenue is recorded at the price specified in the contract in compliance with regulated pricing in regulated markets, net of discounts and value added tax. Revenue and receivables are recorded when control of the products are transferred as this is the point in time that the consideration is unconditional as only the passage of time is required before payment is due.

3.16 **SHARE-BASED PAYMENT EXPENSES**

The Company has cash-settled share-based compensation plans.

The services received from employees are measured at fair value and recognised in the statement of comprehensive income as an expense over the vesting period with recognition of a corresponding liability in trade and other payables. The fair value of the liability is remeasured at each reporting date and at the date of settlement, with changes in fair value recognised in the statement of comprehensive income.

ASPEN PHARMA IRELAND LIMITED

ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2020

3.17 **BUSINESS COMBINATIONS UNDER COMMON CONTROL**

In certain circumstances, the Company has undertaken business combinations in which the ultimate ownership of both parties does not change. In this scenario, net assets/liabilities are transferred at their carrying value as at the date of the transaction taking place and are presented in the financial statements on a prospective basis.

**4 SIGNIFICANT JUDGEMENTS AND ESTIMATES**

The Company is often required to make estimates and assumptions regarding the future. The estimates will, by definition, rarely equal the actual results achieved. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below. Estimates and judgements are continually re-assessed and are based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) ***Impairment of assets***
Property, plant and equipment are assessed for impairment at least on an annual basis, as more fully described in the accounting policy in respect of impairments. The future cash flows are assessed, taking into account forecast market conditions and the expected lives of these assets. The present value of these cash flows is compared to the current net asset value.

(ii) ***Allowance account for losses***
A significant degree of judgement is applied by management when considering whether a debtor is recoverable or not. The following factors are taken into account when considering whether a debtor is impaired:

• Default of payments;
• History of the specific customer with the Company;
• Credit terms specific to the customer;
• Credit terms specific to the customer; and
• General economic conditions.

(iii) ***Determination of net realisable value of inventories***
Net realisable value is the estimate of the selling price of inventories in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Management is required to exercise considerable judgement in the determination of this estimate, specifically relating to the forecasting of demand.

Management is also required to exercise significant judgement in estimating the provision for obsolete stock. Such judgement would take into account the following:

• Change in technology;
• Stock nearing expiry dates; and
• Regulatory requirements.

(iv) ***Fair value determination***
The carrying values of financial assets and liabilities with a maturity of less than 1 year are assumed to approximate their fair values.

(v) ***Allowance for revenue rebates***
Revenue recognition requires the estimation of rebates that will be provided in respect of sales which have been made before the balance sheet date. The Company has rebate arrangements in place with several distributors in respect of sales to end customers where the sales prices have been negotiated directly with the Company. Allowance for rebates to customers is based upon the terms of sales contracts and is recorded in the same period as the related sales as a deduction from revenue. The estimation is based on the level of discount derived from the sales data from the distributor, the amount of inventory held by distributors and the time lag between the initial sale to the distributor and the rebate being claimed.

(vi) ***Deferred tax***
A deferred tax asset is recognized for unused tax losses or deductible temporary differences only to the extent that it is probable that taxable profits will arise in future against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date to ensure that the tax benefit will be realized. If it is determined that the tax benefit will not be realized, the deferred tax asset will be reversed.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2020**

| | Furniture and fittings €'000 | Office equipment €'000 | Computer hardware €'000 | Total €'000 |
|---|---|---|---|---|
| **1 Property, plant and equipment** | | | | |
| **2020** | | | | |
| **Carrying value** | | | | |
| Cost | **1,526** | **317** | **1,287** | **3,130** |
| Accumulated depreciation | **(1,431)** | **(283)** | **(1,165)** | **(2,879)** |
| | **95** | **34** | **122** | **251** |
| **Movement in property, plant and equipment** | | | | |
| Carrying value at the beginning of the year | **178** | **50** | **184** | **412** |
| Additions | **2** | **13** | **21** | **36** |
| Depreciation | **(85)** | **(29)** | **(83)** | **(197)** |
| **Carrying value at the end of the year** | **95** | **34** | **122** | **251** |
| **2019** | | | | |
| **Carrying value** | | | | |
| Cost | 1,524 | 303 | 1,274 | 3,101 |
| Accumulated depreciation | (1,346) | (253) | (1,090) | (2,689) |
| | 178 | 50 | 184 | 412 |
| **Movement in property, plant and equipment** | | | | |
| Carrying value at the beginning of the year | 465 | 55 | 311 | 831 |
| Additions | 5 | 34 | 109 | 148 |
| Disposals | (10) | (4) | (9) | (23) |
| Depreciation | (282) | (35) | (227) | (544) |
| **Carrying value at the end of the year** | 178 | 50 | 184 | 412 |

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| | | 2020 | 2019 |
|---|---|---|---|
| | | €'000 | €'000 |
| 2 | **Right-of-use assets/Lease liabilities** | | |
| 2.1 | **Amounts recognised in the statement of financial position** | | |
| | **Right-of-use assets** | | |
| | Buildings | 1,878 | - |
| | Motor vehicles | 1,092 | - |
| | | 2,970 | |

| 2020 | Buildings | Motor vehicles | Total |
|---|---|---|---|
| | €'000 | €'000 | €'000 |
| *Carrying value* | | | |
| Cost | 2,481 | 1,614 | 4,095 |
| Accumulated depreciation | (603) | (522) | (1,125) |
| | 1,878 | 1,092 | 2,970 |
| *Movement in right-of-use assets* | | | |
| Additions | 2,481 | 1,685 | 4,166 |
| Disposals | - | (45) | (45) |
| Depreciation | (603) | (548) | (1,151) |
| | 1,878 | 1,092 | 2,970 |

| | 2020 |
|---|---|
| | €'000 |
| **Lease Liabilities** | |
| At 01 July 2019 | - |
| Additions | 3,661 |
| Interest expense | 143 |
| Payments | (775) |
| | 3,029 |
| **Lease Liabilities** | |
| Current | 949 |
| Non-current | 2,080 |
| | 3,029 |

| | | 2020 | 2019 |
|---|---|---|---|
| | | €'000 | €'000 |
| 2.2 | **Amounts recognised in the statement of comprehensive income**<br>The statement of profit or loss shows the following amounts relating to leases | | |
| | **Depreciation** | | |
| | Buildings | 603 | - |
| | Motor vehicles | 548 | - |
| | Interest expense | 143 | - |

2.3 **Amount included in Cashflow**

The total cashflow for leases for the year ended 30 June 2020 was EUR 774 620.

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| | Computer Software €'000 | Total €'000 |
|---|---|---|
| **3 Intangible assets** | | |
| **2020** | | |
| **Carrying value** | | |
| Cost | **323** | **323** |
| Accumulated amortisation | **(306)** | **(306)** |
| | **17** | **17** |
| **Movement in intangible assets** | | |
| Carrying value at the beginning of the year | **43** | **43** |
| Amortisation | **(26)** | **(26)** |
| **Carrying value at the end of the year** | **17** | **17** |
| **2019** | | |
| **Carrying value** | | |
| Cost | 323 | 323 |
| Accumulated amortisation | (280) | (280) |
| | 43 | 43 |
| **Movement in intangible assets** | | |
| Carrying value at the beginning of the year | 113 | 113 |
| Amortisation | (70) | (70) |
| **Carrying value at the end of the year** | 43 | 43 |

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| | | 2020 | 2019 |
|---|---|---|---|
| | | €'000 | €'000 |
| 4 | **Deferred tax assets** | | |
| | Deferred tax is calculated in full on temporary differences under the liability method, using a principal rate of 12,5% plus those that apply to the underlying branches. | | |
| | **Movement for the year** | | |
| | Balance at the beginning of the year | **266** | 199 |
| | Statement of profit or loss and other comprehensive income charge - current year | **86** | 58 |
| | Statement of profit or loss and other comprehensive income (credit) / charge - prior year | **(75)** | 20 |
| | Migration of balance from Spanish branch to Spanish entity | **-** | (11) |
| | Deferred tax asset at the end of the year | **277** | 266 |
| | *The statement of profit or loss and other comprehensive income charge comprises:* | | |
| | Property, plant and equipment | **37** | 13 |
| | Intangible Assets | **8** | - |
| | Right of use assets | **187** | - |
| | Provisions | **(234)** | 45 |
| | Other receivables and payables | **(177)** | (5) |
| | Expenses capitalised | **153** | - |
| | Foreign exchange differences | **(22)** | - |
| | Non-current liabilities | **20** | 25 |
| | Tax losses | **39** | - |
| | Total statement of profit or loss and other comprehensive income charge relating to deferred tax asset | **11** | 78 |
| | *Deferred tax assets comprises:* | | |
| | Property, plant and equipment | **126** | 89 |
| | Intangible Assets | **8** | - |
| | Right of use assets | **187** | - |
| | Provisions | **(391)** | (157) |
| | Other receivables and payables | **(176)** | - |
| | Expenses capitalised | **118** | (35) |
| | Foreign exchange differences | **(22)** | - |
| | Non-current liabilities | **210** | 191 |
| | Tax losses | **217** | 178 |
| | Deferred tax assets | **277** | 266 |
| 5 | **Inventories** | | |
| | *Carrying value* | | |
| | Finished goods | **84,310** | 97,080 |
| | Less: provision for impairment | **(5,297)** | (6,202) |
| | | **79,013** | 90,878 |
| | *Reconciliation of allowance account for losses* | | |
| | Balance at the beginning of the year | **6,202** | 4,445 |
| | (Released)/raised during the year | **(905)** | 1,757 |
| | Balance at the end of the year | **5,297** | 6,202 |
| 6 | **Trade and other receivables** | | |
| | Trade receivables | **99,612** | 106,190 |
| | Allowance account for losses | **(757)** | (1,170) |
| | Net trade receivables | **98,855** | 105,020 |
| | VAT receivable | **619** | 1,194 |
| | Prepayments | **371** | 145 |
| | Other receivables | **1,047** | 797 |
| | Total trade and other receivables | **100,892** | 107,156 |
| | *Split of balance* | | |
| | Financial instruments | **98,855** | 105,020 |
| | Non-financial instruments | **2,037** | 2,136 |
| | | **100,892** | 107,156 |

**ASPEN PHARMA IRELAND LIMITED**

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| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 6 | **Trade and other receivables** continued | | |
| | *Reconciliation of allowance account for losses* | | |
| | Balance at the beginning of the year | **1,170** | 1,306 |
| | Utilised raised during the year | **(413)** | (136) |
| | Balance at the end of the year | **757** | 1,170 |
| | | | |
| | The amount owed by related companies included in the trade receivables balance: | | |
| | Aspen Germany GmbH | **12,024** | 11,407 |
| | Aspen Pharmacare Espana SL | **272** | 953 |
| | | **12,296** | 12,360 |

The ageing of trade and other receivables (financial instruments only) is as follows:

| 30 June 2020 | €'000 Gross | €'000 Allowance for losses | €'000 Net receivables |
|---|---|---|---|
| Fully performing | **92,951** | **-** | **92,951** |
| Past due by 1 to 30 days | **4,065** | **-** | **4,065** |
| Past due by 31 to 90 days | **1,101** | **-** | **1,101** |
| Past due by 91 to 180 days | **211** | **-** | **211** |
| Past due more than 180 days | **1,284** | **(757)** | **527** |
| | **99,612** | **(757)** | **98,855** |

| 30 June 2019 | €'000 Gross | €'000 Allowance for losses | €'000 Net receivables |
|---|---|---|---|
| Fully performing | 97,605 | - | 97,605 |
| Past due by 1 to 30 days | 2,691 | - | 2,691 |
| Past due by 31 to 90 days | 2,803 | - | 2,803 |
| Past due by 91 to 180 days | 562 | - | 562 |
| Past due more than 180 days | 2,529 | (1,170) | 1,359 |
| | 106,190 | (1,170) | 105,020 |

| | 2020 €'000 | 2019 €'000 |
|---|---|---|
| The currency analysis for trade and other receivables (financial instruments only) are as follows: | | |
| Bulgarian Lev | **-** | 6 |
| Croatian Kuna | **996** | 862 |
| Czech Republic Koruna | **515** | (363) |
| Danish Krone | **1,120** | 1,255 |
| Euro | **60,357** | 59,132 |
| Hungarian Forint | **2,060** | 2,844 |
| Norwegian Krone | **2,666** | 1,713 |
| Polish Zloty | **2,045** | 3,268 |
| Pound Sterling | **6,189** | 10,522 |
| Romanian Leu | **5,507** | 8,434 |
| Serbian Dinar | **5,043** | 6,043 |
| Swedish Krona | **6,702** | 3,711 |
| Turkish Lira | **619** | 1,339 |
| US Dollar | **5,036** | 6,254 |
| | **98,855** | 105,020 |

Trade and other receivables which are fully performing relate to customers that have a good track record with the Company in terms of recoverability. The Company does not hold any collateral over any trade and other receivables. No trade and other receivables were given as security.

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| | | 2020 | 2019 |
|---|---|---|---|
| | | €'000 | €'000 |
| 7 | **Cash and cash equivalents** | | |
| | Cash in transit | **983** | (467) |
| | Bank balances | **15,063** | 15,843 |
| | | **16,046** | 15,376 |
| | The currency analysis for cash and cash equivalents are as follows: | | |
| | Euro | **2,252** | 3,477 |
| | Czech Republic Koruna | **1,898** | 880 |
| | Polish Zloty | **1,850** | 1,062 |
| | Pound Sterling | **156** | 179 |
| | US Dollar | **258** | 301 |
| | Swedish Krona | **1,573** | 3,818 |
| | Danish Krone | **340** | 225 |
| | Hungarian Forint | **140** | 937 |
| | Croatian Kuna | **243** | - |
| | Serbian Dinar | **3,366** | 406 |
| | Norwegian Krone | **601** | 598 |
| | Danish Krone | **1,219** | 721 |
| | Other currencies | **2,150** | 2,772 |
| | | **16,046** | 15,376 |

The maturity profile of all cash and cash equivalent balances is less than 1 month. Cash and cash equivalents are non-interest bearing.

| | | 2020 | 2019 |
|---|---|---|---|
| 8 | **Amounts due from/(to) group companies** | | |
| | **Amounts due from group companies** | | |
| | Aspen Pharmacare Holdings Ltd | **-** | 14 |
| | Aspen Finance (Pty) Ltd * | **15,733** | 14,854 |
| | Aspen Global Inc. | **1,156** | - |
| | Aspen Health Care FZ LLC | **178** | 927 |
| | Aspen Germany GmbH | **42** | 956 |
| | Aspen Pharma Trading Limited | **29** | 141 |
| | Aspen Pharmacare Espana SL | **13** | 76 |
| | Aspen Netherlands B.V. | **-** | 23 |
| | Aspen France SAS | **266** | 157 |
| | Aspen Notre Dame de Bondeville | **-** | 15 |
| | Aspen Italia SRL | **-** | 4 |
| | Aspen Polska sp z.o.o | **-** | 8 |
| | Aspen Schweiz GmbH | **26** | 137 |
| | Pharmacare Limited | **2** | - |
| | Amounts due from group companies | **17,445** | 17,312 |

The company applied the simplified provision matrix and the expected credit loss rate was based on the historical write off history. The company does not have any history of receivables being written off, therefore the expected credit loss rate is set to 0%.

| | 2020 | 2019 |
|---|---|---|
| **Amounts due to group companies** | | |
| Aspen Pharmacare Holdings Ltd | **(776)** | (446) |
| Aspen Global Inc. | **-** | (247) |
| Aspen Health Care FZ LLC | **-** | (3,387) |
| Aspen Germany GmbH | **(274)** | (869) |
| Aspen Pharma Trading Limited | **(457)** | (379) |
| Aspen Bad Oldesloe GmbH | **(258)** | (480) |
| Aspen Netherlands B.V. | **(89)** | - |
| Aspen France SAS | **-** | (121) |
| Aspen Italia SRL | **(1,224)** | (386) |
| Aspen Polska sp z.o.o | **(1,137)** | (128) |
| Amounts due to group companies | **(4,215)** | (6,443) |

These balances constitute amounts due (by the company for services rendered by related parties)/to the Company for services it has rendered to the related parties. Interest is payable on amounts, but only to the extent these are contractually overdue.

* Amounts due from Aspen Finance (Pty) Ltd do not relate to services rendered but rather relate to short term loans put in place in terms of the Group's European cash concentration arrangement.

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| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 9 | **Share capital** | | |
| | *Authorised* | | |
| | 50 001 ordinary shares of €1 each | **50,001** | 50,001 |
| | *Issued* | | |
| | 42 001 ordinary shares of €1 each | **42,001** | 42,001 |
| 10 | **Trade and other payables** | | |
| | Trade payables | **98,729** | 111,654 |
| | Accrued expenses | **47,976** | 39,991 |
| | Leave pay accrual | **717** | 705 |
| | Bonus accrual | **317** | 498 |
| | Total taxes | **2,054** | 115 |
| | VAT payable | **1,939** | - |
| | PAYE and PRSI | **115** | 115 |
| | Redundancy costs | **-** | 411 |
| | Other payables | **1,731** | 2,229 |
| | Provision for deferred bonus | **129** | 297 |
| | Tax fee accrual | **148** | - |
| | Total trade and other payables | **151,801** | 155,900 |
| | *Split of balance* | | |
| | Financial instruments | **146,705** | 151,645 |
| | Non-financial instruments | **5,096** | 4,255 |
| | | **151,801** | 155,900 |
| | The amount owed to related companies included in the trade payables balance: | | |
| | Pharmacare Limited | **282** | 358 |
| | Aspen Global Incorporated | **97,901** | 108,937 |
| | Limited Liability Company Aspen Health | **951** | - |
| | | **99,134** | 109,295 |

These trade and other payables are non-interest bearing, and no trade or other payable is past its due date.

The currency analysis for trade and other payables (financial instruments only) is as follows:

| | 2020 €'000 | 2019 €'000 |
|---|---|---|
| Euro | **145,176** | 148,798 |
| US Dollar | **1,529** | 2,847 |
| | **146,705** | 151,645 |

Trade and other payables are payable at various dates in the three months often after the financial year end in accordance with creditors and customary credit terms.

Creditors for tax and social insurance are payable in the time frame set in the relevant legislation.

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| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 11 | **Revenue** | | |
| | Sale of products | **429,538** | 419,786 |
| | Revenue comprises of sales of pharmaceutical products in the European and the Israel market. | | |
| 12 | **Expenses by nature** | | |
| | Purchase of finished goods | **337,928** | 323,895 |
| | Intercompany administration/recharge fees | **18,978** | 18,357 |
| | Transport & Warehousing costs | **9,275** | 8,985 |
| | Product litigation costs | **27,535** | 17,322 |
| | Staff costs (including directors' remuneration) | **13,943** | 17,424 |
| | Other employee related expenses | **1,565** | 185 |
| | Professional fees | **11,109** | 9,571 |
| | Property costs | **30** | 52 |
| | Insurance | **1,008** | 744 |
| | Depreciation and amortisation | **1,374** | 614 |
| | Computer and office expenses | **898** | 1,127 |
| | Audit fees - current period | **165** | 164 |
| | Transaction costs | **-** | 2,626 |
| | Operating leases | **-** | 1,628 |
| | Travelling | **1,102** | 1,911 |
| | Restructuring costs | **1,739** | (50) |
| | Impairment charges | **(1,318)** | 1,621 |
| | Movement of provision for impairment on inventory | **(905)** | 1,757 |
| | Movement on allowance for doubtful debts | **(413)** | (136) |
| | Advertising and marketing expenses | **2,885** | 2,623 |
| | Other | **8,275** | 1,524 |
| | | **436,491** | 410,323 |
| | Classified as: | | |
| | Cost of sales | **343,189** | 325,483 |
| | Administrative expenses | **27,065** | 25,792 |
| | Selling and distribution expenses | **35,876** | 38,738 |
| | Other operating expenses | **30,361** | 20,310 |
| | | **436,491** | 410,323 |
| 13 | **Auditors' remuneration** | | |
| | Remuneration for the statutory audit and other services carried out by the Company's auditors is as follows: | | |
| | Audit of entity financial statements | **165** | 164 |
| | | **165** | 164 |

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| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 14 | **Staff costs** | | |
| | Wages and salaries (including directors' remuneration) | **9,898** | 12,282 |
| | Social insurance | **1,465** | 1,574 |
| | Benefits | **2,580** | 3,568 |
| | | **13,943** | 17,424 |
| | Total included in selling and distribution expenses | **12,474** | 15,059 |
| | Total included in administrative expenses | **1,469** | 2,365 |
| | Average number of full-time employees per category: | | |
| | Supply chain | **6** | 30 |
| | Finance | **26** | 38 |
| | Quality | **13** | 19 |
| | General Management | **6** | 11 |
| | Human Resources & Legal | **8** | 16 |
| | Sales & Commercial Business | **84** | 94 |
| | | **143** | 208 |
| 15 | **Directors' remuneration** | | |
| | Directors' emoluments | **1,263** | 1,196 |
| | Benefits under long term incentive schemes | **95** | 54 |
| | Contributions to retired benefit schemes - defined contribution plan | **95** | 86 |
| | | **1,453** | 1,336 |

Two directors are remunerated by other group companies. Remuneration of these directors has been borne by a fellow group company and has not been recharged. It is not possible to make an accurate apportionment of their remuneration in respect of the Company. Accordingly, no remuneration in respect of these directors are disclosed in these financial statements.

No other party has been identified as key management personnel other than directors.

| | | 2020 €'000 | 2019 €'000 |
|---|---|---|---|
| 16 | **Financing costs** | | |
| | Net financing costs paid | **2,350** | 757 |
| 17 | **Tax** | | |
| | Current tax - current year | **(165)** | (3,821) |
| | Current tax - prior year | **387** | 228 |
| | Deferred tax - current year | **86** | 58 |
| | Deferred tax - prior year | **(75)** | 20 |
| | | **233** | (3,515) |
| | *Tax rate reconciliation* | | |
| | Effective tax rate | **(2.5%)** | 39.4% |
| | Disallowable expenses | **24.5%** | (29.8%) |
| | Prior year adjustments | **(3.4%)** | 2.8% |
| | Non-deductible costs relating to acquisitions and disposals | **0%** | 0% |
| | Tax losses arising where no deferred tax asset has been raised | **(6.2%)** | 0% |
| | Differences in foreign rates of tax | **0.1%** | 0.1% |
| | Tax at statutory rate | **12.5%** | 12.5% |

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18 **Related party transactions and balances**

The Company has related party relationships with its holding company and fellow subsidiaries. These transactions have been concluded on terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions, and are all unsecured.

18.1 **Balances with related parties**

Refer note 6, 8 and 10 for details of balances with related parties.

| | **2020 €'000** | 2019 €'000 |
|---|---|---|

18.2 **Transactions with related parties**

The holding company, Aspen Global Incorporated, owns 100% of the Company's shares and the material related party transactions were as follows:

| | **2020 €'000** | 2019 €'000 |
|---|---|---|
| *Recharges* | | |
| Aspen Global Inc. | **(1,056)** | (176) |
| The following related party transactions took place between the Company and other group companies: | | |
| Aspen Italia SRL (recharges) | **7,390** | 7,084 |
| Aspen Pharmacare Resources (recharges) | **58** | 3 |
| Aspen Germany GmbH (recharges) | **(498)** | (547) |
| Aspen Polska sp z.o.o (recharges) | **4,595** | 4,105 |
| Aspen Healthcare FZ LLC (recharges) | **4,485** | 4,789 |
| Aspen Netherlands B.V. (recharges) | **1,194** | 1,049 |
| Aspen Pharmacare Espana SL (recharges) | **(132)** | (3) |
| Aspen France SAS (recharges) | **(236)** | (400) |
| Aspen Oss B.V. (recharges) | **-** | (15) |
| Aspen Pharma Trading Limited (recharges) | **1,511** | 1,462 |
| Aspen Pharmacare Holdings Limited (recharges) | **2,047** | 1,388 |
| Aspen Pharma Schweiz GmbH (recharges) | **(299)** | (331) |
| Aspen Finance (Pty) Ltd (recharges) | **(14)** | (31) |
| Aspen Bad Oldesloe GmbH (recharges) | **-** | (7) |
| Aspen Notre Dame de Bondeville (recharges) | **-** | (15) |
| *Purchases* | | |
| Aspen Germany GmbH | **(82,764)** | (77,428) |
| Aspen Pharmacare Espana SL | **(11,889)** | (953) |

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19 **Financial risk management**

19.1 **Introduction**
The Company is exposed to foreign currency risk, liquidity risk, credit risk and market risk arising from its financial instruments. These risks are continuously monitored. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management relating to each of these risks is discussed under the headings below.

19.2 **Financial instruments by category**
The carrying value of financial instruments by category is as follows:

| | At amortised cost | Total |
|---|---|---|
| **June 2020** | **€'000** | **€'000** |
| **Financial assets** | | |
| Cash and cash equivalents | **16,046** | **16,046** |
| Trade and other receivables (financial instruments only) | **98,855** | **98,855** |
| Amounts due from group companies | **17,445** | **17,445** |
| Total assets | **132,346** | **132,346** |
| | | |
| **Financial liabilities** | | |
| Lease liabilities | **(3,029)** | **(3,029)** |
| Trade and other payables (financial instruments only) | **(146,705)** | **(146,705)** |
| Amounts due to group companies | **(4,215)** | **(4,215)** |
| **Total liabilities** | **(153,949)** | **(153,949)** |
| **Net liability** | **(21,603)** | **(21,603)** |

| | At amortised cost | Total |
|---|---|---|
| **June 2019** | **€'000** | **€'000** |
| **Financial assets** | | |
| Cash and cash equivalents | 15,376 | 15,376 |
| Trade and other receivables (financial instruments only) | 105,020 | 105,020 |
| Amounts due from group companies | 17,312 | 17,312 |
| **Total financial assets** | 137,708 | 137,708 |
| | | |
| **Financial liabilities** | | |
| Trade and other payables (financial instruments only) | (151,453) | (151,453) |
| Amounts due to group companies | (6,443) | (6,443) |
| Total liabilities | (157,896) | (157,896) |
| Net liability | (20,188) | (20,188) |

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19 **Financial risk management** continued

19.3 **Foreign currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's operations utilise various foreign currencies (i.e. currency other than the operating functional currency) in respect of sales, trade receivables and trade payables and subsequently the Company is exposed to exchange rate fluctuations that have an impact on cash flows. Foreign currency risks are managed through the Company's financing policies.

The Company has used a sensitivity analysis technique that measures the estimated change to the statement of profit or loss and other comprehensive income of an instantaneous 10% strengthening or weakening in the Euro against the foreign exchange rates from the rate applicable at 30 June, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as, in practise, market rates rarely change in isolation.

The analysis considers the impact of changes in foreign exchange rates on profit or loss.
The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular interest rates, remains constant.

A change in foreign exchange rates to which the Company is exposed at the reporting date would have increased / (decreased) profit before tax by the amounts shown below.

| | Change in exchange rate % | Weakening in functional currency €'000 | Strengthening in functional currency €'000 |
|---|---|---|---|
| **30 June 2020** | | | |
| *Denominated currency* | | | |
| Croatian Kuna | **10** | **(124)** | **124** |
| Czech Republic Koruna | **10** | **(241)** | **241** |
| Danish Krone | **10** | **(268)** | **268** |
| Hungarian Forint | **10** | **(220)** | **220** |
| Norwegian Krone | **10** | **(327)** | **327** |
| Polish Zloty | **10** | **(389)** | **389** |
| Pound Sterling | **10** | **(634)** | **634** |
| Romanian Leu | **10** | **(551)** | **551** |
| Serbian Dinar | **10** | **(337)** | **337** |
| Serbian Dinar | **10** | **(504)** | **504** |
| South African Rand | **10** | **77** | **(77)** |
| Swedish Krona | **10** | **(827)** | **827** |
| Turkish Lira | **10** | **(62)** | **62** |
| US Dollar | **10** | **(394)** | **394** |
| Other currencies | **10** | **(155)** | **155** |
| | | **(4,956)** | **4,956** |

| | Change in exchange rate % | Weakening in functional currency €'000 | Strengthening in functional currency €'000 |
|---|---|---|---|
| **30 June 2019** | | | |
| *Denominated currency* | | | |
| Bulgarian Lev | **10** | **6** | **(6)** |
| Czech Republic Koruna | **10** | **130** | **(130)** |
| Croatian Kuna | **10** | **6** | **(6)** |
| Danish Krone | **10** | **4** | **(4)** |
| Hungarian Forint | **10** | **(16)** | **16** |
| Norwegian Krone | **10** | **52** | **(52)** |
| Polish Zloty | **10** | **(245)** | **245** |
| Pound Sterling | **10** | **565** | **(565)** |
| Romanian Leu | **10** | **(20)** | **20** |
| Serbian Dinar | **10** | **(162)** | **162** |
| South African Rand | **10** | **17** | **(17)** |
| Swedish Krona | **10** | **233** | **(233)** |
| Turkish Lira | **10** | **15** | **(15)** |
| Ukrainian Hryvnia | **10** | **4** | **(4)** |
| US Dollar | **10** | **(10)** | **10** |
| | | **579** | **(579)** |

**ASPEN PHARMA IRELAND LIMITED**

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19 **Financial risk management** continued

19.4 **Interest rate risk**

The Company's cash balances earn minimal interest income. While the Company incurs interest charges on certain intercompany balances, this is not significant. As the Company has no significant interest-bearing assets or liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

19.5 **Price risk**

The Company is exposed to price risk on its pharmaceutical pricing in the market. Price increases are negotiated with the respective authorities in the markets, if applicable. The Company is also exposed to price risk through its competitor products and the company manages this exposure through market pricing reviews.

19.6 **Liquidity risk**

Liquidity risk is the risk that an entity will not be able to meet its obligations as they become due. The Company manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows. Management regularly reviews the forecasted cash position of the Company to ensure that it has sufficient access to liquidity to meet its operational cash flow requirements. Purchases and funding are from the parent company and related parties. Due to the dynamic nature of the underlying business, the business maintains flexibility in funding by having arrangements with the parent company and related parties.

The following are the undiscounted contractual maturities of financial assets and liabilities:

| | On demand €'000 | Less than 1 year €'000 | 1 - 5 years €'000 | Total €'000 |
|---|---|---|---|---|
| **30 June 2020** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 16,046 | - | - | 16,046 |
| Trade and other receivables (financial instruments only) | - | 98,855 | - | 98,855 |
| Amounts due from group companies | 17,445 | - | - | 17,445 |
| Total assets | 33,491 | 98,855 | - | 132,346 |
| **Financial liabilities** | | | | |
| Trade and other payables (financial instruments only) | - | (146,705) | - | (146,705) |
| Amounts due to group companies | (4,215) | - | - | (4,215) |
| Lease liabilities | - | (949) | (2,080) | (3,029) |
| Total liabilities | (4,215) | (147,654) | (2,080) | (153,949) |
| Net asset / (liability) | 29,276 | (48,799) | (2,080) | (21,603) |

| | On demand €'000 | Less than 1 year €'000 | 1 - 5 years €'000 | Total €'000 |
|---|---|---|---|---|
| **30 June 2019** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 15,376 | - | - | 15,376 |
| Trade and other receivables (financial instruments only) | - | 105,020 | - | 105,020 |
| Amounts due from group companies | 17,312 | - | - | 17,312 |
| Total assets | 32,688 | 105,020 | - | 137,708 |
| **Financial liabilities** | | | | |
| Trade and other payables (financial instruments only) | - | (151,453) | - | (151,453) |
| Amounts due to group companies | (6,443) | - | - | (6,443) |
| Total liabilities | (6,443) | (151,453) | - | (157,896) |
| Net asset / (liability) | 26,245 | (46,433) | - | (20,188) |

**ASPEN PHARMA IRELAND LIMITED**

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19 **Financial risk management** continued

19.7 **Credit risk**

Credit risk arises from trade receivables. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made, as well as ongoing assessments of debtor credit quality and recoverability.

Credit risk, or the risk of financial loss, due to counterparties to financial instruments not meeting their contractual obligations, is managed by the application of credit approvals, limits and monitoring processes.

Credit risk primarily arises from trade and other receivables and cash and cash equivalents.

*Cash and cash equivalents*

Bank balances are kept with reputable local banks with credit ratings of P-1 (Moody's rating). Management does not expect any losses from non-performance by these counterparties.

*Trade and other receivables*

The Company has policies in place to ensure that sales of products are made to customers with a solid credit history. On-going credit evaluations on the financial condition of customers are performed. Trade receivables consist primarily of four customers. The granting of credit is controlled by application and account limits. Trade and other receivables are carefully monitored for impairment.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivable.

*Trade and other receivables continued*

To determine the expected credit loss rate, the Company considered its historical credit loss rate and adjusted it to reflect current and forward-looking information. The Company's ECL for trade receivables at the end of the reporting period is nil.

The Company's current credit risk grading framework comprises of the following categories:

| **Category** | **Company definition of category** | **Basis for recognition of expected credit loss provision** |
|---|---|---|
| Performing | Trade receivables whose credit risk is in line with original expectations. | Lifetime expected losses. |
| Underperforming | Trade receivables for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due date. | Lifetime expected losses. |
| Non-performing (credit impaired) | Interest and/or principal repayments are 60 days past due or it becomes bankruptcy. | Lifetime expected losses. |
| Write-off | Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery. | Asset is written off. |

The risk profiles listed below reflect the different markets that the Company services. These markets all have difference payment patters, risk profiles and insurance risks.

Risk profile of net trade receivables is as follows:

| | **2020** | 2019 |
|---|---|---|
| | **€'000** | €'000 |
| Private debtors | **89,645** | 97,775 |
| Public debtors * | **9,210** | 7,245 |
| | **98,855** | 105,020 |

*Public debtors comprise of government and hospitals.

**ASPEN PHARMA IRELAND LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
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19 **Financial risk management** continued

19.7 **Credit risk** continued

*Amount due from group companies and other receivables*

The company uses four categories for amounts due from related companies and other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Company's ECL model is as follows:

| Category | Company definition of category | Basis for recognition of expected credit loss provision |
|---|---|---|
| Performing | Amounts due from group companies and other receivables whose credit risk is in line with original expectations. | 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1). |
| Underperforming | Amounts due from group companies and other receivables for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due date. | Lifetime expected losses (stage 2). |
| Non-performing (credit impaired) | Interest and/or principal repayments are 60 days past due or it becomes bankruptcy. | Lifetime expected losses (stage 3). |
| Write-off | Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery. | Asset is written off. |

*Cash and cash equivalents*

Bank balances are placed with approved financial institutions and reputable banks. The likelihood of non-performance by these financial institutions is remote based on their high credit ratings.

**ASPEN PHARMA IRELAND LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
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19 **Financial risk management** continued

19.8 **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt, distribute dividends or engage with the parent company to issue additional shares.

The Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of changes in equity.

19.9 **Market risk management**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The market risks that the Company is primarily exposed to is foreign currency risk. Market risk is managed by identifying and quantifying risks on the basis of current and future expectations and ensuring that all trading occurs within defined parameters. This involves the review and implementation of methodologies to reduce risk exposure. The reporting on the state of the risk and risk practices to executive management is part of this process. The processes set up to measure, monitor and mitigate these market risks are described above.

20 **Commitments**

**Minimum future lease payments - operating leases**

The company rents offices under operating leases that are cancellable at various short-term notice periods by either party.

| | 2019<br>€'000 |
|---|---|
| **Operating lease expense** | |
| Offices | 866 |
| Motor vehicles | 762 |
| | 1,628 |
| **Operating lease commitments** | |
| Offices | 2,039 |
| Motor vehicles | 1,267 |
| | 3,306 |
| **The future minimum operating lease payments are as follows** | |
| Less than 1 year | 1,038 |
| Between 1 and 5 years | 2,268 |
| | 3,306 |

*The values above for 2019 are accounted for in terms of IAS 17 - Leases. Subsequently for 2020 these leases are accounted for in terms of IFRS 16 - Leases. Refer to note 2 for details of the adoption of the new standard.*

**Other commitments**

No guarantees were given by the Company to third parties.

**ASPEN PHARMA IRELAND LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
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21 **Other matters**

**European Commission**
In May 2017, the European Commission ("EC") opened an investigation in terms of Article 102 of the TFEU in respect of Aspen's pricing practices for its products containing the active pharmaceutical ingredients Chlorambucil, Melphalan, Mercaptopurine, Tioguanine and Busulfan ("Products"). The investigation covers all of the European Economic Areas, excluding Italy.

Aspen and the EC have settled the revised net selling prices of each of the Products in each of the Member States. The Aspen Commitments (settlement) are in the process of Member State review and should this process not raise any substantive issues the EC intends to accept the Commitments and make them binding upon Aspen. Once the Commitments are accepted by the EC, Aspen will need to work with each of the Member States on their implementation.

In terms of the Commitments, which are in respect of the Products:

i. Aspen will undertake to reduce its prices of the Products to achieve a pre-determined EBITDA margin and, subject to exceptional circumstances, not exceed these prices for a period of 10 years.

ii. Aspen will commit to continuing supply of the Products for a period of at least 5 years. Should it elect to discontinue the supply of any of the Products prior to the end of 10 years, Aspen will either sell the rights to the Product(s) so discontinued or maintain the relevant marketing authorisations for the balance of 10 years.

iii. Aspen will make a one-time payment to the ultimate funders of the Products in each Member State. This payment will be calculated as the difference between Aspen's actual sales of the Products in the Member Sate between 1 October 2019 and the implementation date of the new prices and the same sales had they been made at the revised lower prices. It is estimated that the revised prices will be formally introduced in Q4 2020 in which case the payment will cover a period of between 12 and 15 months.

iv. The estimate of the above payment, based on an average 73% reduction in the prices of the Products, is between €20m and €25m which would be paid over an estimated implementation period of 6 months.

Consistent with Article 9 of Regulation 1/2003, these Commitments do not constitute an acknowledgement that Aspen has infringed EU competition law. Upon acceptance of the Commitments, the Commission will discontinue the investigation in the case, without concluding whether there has been or still is an infringement of EU law.

The estimated liability relating to the one-time payment of €24m has been provided for as a current liability in the statement of financial position.

**ASPEN PHARMA IRELAND LIMITED**

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22 **Contingent liabilities**
As at 30 June 2020, the Company has no material litigation claims outstanding, pending or threatened against, which could have a material effect on the Company's financial position or results of operations.

23 **Subsequent events**
In September 2020, the boards of Aspen Global Incorporated ("AGI") and Aspen Pharmacare Holdings Limited have decided to approve the divestment of the commercialisation rights and related intellectual property relating to Aspen's Thrombosis Business in Europe ("European Thrombosis Business"). AGI's thrombosis products are sold under the brand names, and variations of the brand names, Arixtra, Fraxiparine, MonoEmbolex and Orgaran ("the Products") in Europe. Mylan has retained AGI (via its subsidiary, Aspen France SAS) as its distributor of these products in France. The transaction was not considered highly probable as at 30 June 2020 and accordingly will be disclosed as a post-balance sheet non-adjusting event in terms of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations and IAS 10 - Events after the Reporting Period.