20240705265S0

Årsredovisning

för

Izvarino Farma AB

556687-3591

Räkenskapsåret

2023

Fastställelseintyg

Undertecknad styrelseledamot i Izvarino Farma AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2024-06-18. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Malmö 2024-06-20

Kristian Lundius

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20240705265S1

Årsredovisning

för

Izvarino Farma AB

556687-3591

Räkenskapsåret

2023

Innehållsförteckning

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Styrelsen och verkställande direktören för Izvarino Farma AB avger följande årsredovisning för räkenskapsåret 2023.

Årsredovisningen är upprättad i euro, EUR. Uppgifter inom parentes avser föregående år.

Förvaltningsberättelse

Information om verksamheten

Bolaget är ett holdingbolag beläget i Malmö och verksamt genom sina dotterbolag inom områdena utveckling, tillverkning och försäljning av läkemedel. Bolagets helägda dotterbolag Izvarino Pharma LLC, baserat i Moskva, är engagerat i produktion, marknadsföring och försäljning av viktiga farmaceutiska produkter till patienter i Ryssland.

Företaget har sitt säte i Malmö.

Väsentliga händelser under räkenskapsåret

Ukraina-Ryssland-konflikten har lett till ökad ekonomisk osäkerhet, geopolitiska spänningar och sanktioner, vilket kan ha direkta eller indirekta konsekvenser på den finansiella stabiliteten och resultatet för företag som verkar i denna region. Investeringen i bolagets dotterbolag Izvarino Pharma LLC är exponerad för dessa finansiella och makroekonomiska faktorer samt förändringar i rysk lagstiftning och affärsförhållanden. Baserat på försiktighetsprincipen redovisar företaget därför en nedskrivning av sin ryska investering, vilket resulterar i en total nedskrivning om 34,6 miljoner euro relaterade till andelar (15,1 miljoner euro), lånefordringar (17,8 miljoner euro) och upplupen ränta (1,7 miljoner euro).

Ägarförhållanden

Bolagets resultat för helåret 2023 kommer att konsolideras i koncernredovisningen för SEVER Life Sciences B.V. (organisationsnummer 74996207 med säte i Hoofddorp, Nederländerna).

I december 2023 sålde SEVER Life Sciences B.V. alla sina aktier i bolaget till tre ryska privatpersoner. Från och med det datumet är bolagets majoritetsägare Ms O. Litvinyuk.

Flerårsöversikt (KEUR)	**2023**	**2022**	**2021**	**2020**	**2019**
Resultat efter finansiella poster	-35 616	-337	-1 065	-3 123	9 087
Balansomslutning	1 502	35 163	32 882	32 911	32 303
Soliditet (%)	100	22	24	28	38

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

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Förändringar i eget kapital

	Aktie-kapital	Fri överkurs-fond	Balanserat resultat	Årets resultat	Totalt
Belopp vid årets ingång	26 711	8 583 002	-602 380	-336 511	**7 670 822**
Disposition enligt beslut av årsstämman:					
Balanseras i ny räkning			-336 511	336 511	**0**
Erhållna aktieägartillskott			29 440 298		**29 440 298**
Årets resultat				-35 615 802	**-35 615 802**
Belopp vid årets utgång	**26 711**	**8 583 002**	**28 501 407**	**-35 615 802**	**1 495 318**

Ej återbetalade villkorade aktieägartillskott uppgår per balansdagen till 38 740 298 (9 300 000).

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (*EUR*):

fri överkursfond	8 583 002
balanserad vinst	28 501 407
årets förlust	-35 615 802
	1 468 607

disponeras så att	
i ny räkning överföres	1 468 607
	1 468 607

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning med noter.

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Resultaträkning

	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Rörelsens kostnader			
Övriga externa kostnader		-71 052	-73 531
Summa rörelsens kostnader		**-71 052**	**-73 531**
Rörelseresultat		**-71 052**	**-73 531**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	2	-34 673 352	0
Övriga ränteintäkter och liknande resultatposter	3	967 468	873 415
Räntekostnader och liknande resultatposter	4	-1 838 866	-1 136 395
Summa finansiella poster		**-35 544 750**	**-262 980**
Resultat efter finansiella poster		**-35 615 802**	**-336 511**
Resultat före skatt		**-35 615 802**	**-336 511**
Årets resultat		**-35 615 802**	**-336 511**

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Balansräkning

	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Koncessioner, patent, licenser, varumärken samt liknande rättigheter	5	64 661	64 661
Summa imateriella anläggningstillgångar		**64 661**	**64 661**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	6	826 266	15 908 777
Fordringar hos koncernföretag	7	0	18 657 857
Andra långfristiga fordringar	8	470 000	470 000
Summa finansiella anläggningstillgångar		**1 296 266**	**35 036 634**
Summa anläggningstillgångar		**1 360 927**	**35 101 295**
Omsättningstillgångar			
Kortfristiga fordringar			
Övriga fordringar		1	689
Förutbetalda kostnader och upplupna intäkter		52 040	17 636
Summa kortfristiga fordringar		**52 041**	**18 325**
Kassa och bank		89 350	43 426
Summa omsättningstillgångar		**141 391**	**61 751**
SUMMA TILLGÅNGAR		**1 502 318**	**35 163 046**

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Balansräkning

	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		26 711	26 711
Summa bundet eget kapital		**26 711**	**26 711**
Fritt eget kapital			
Fri överkursfond		8 583 002	8 583 002
Balanserad vinst eller förlust		28 501 407	-602 380
Årets resultat		-35 615 802	-336 511
Summa fritt eget kapital		**1 468 607**	**7 644 111**
Summa eget kapital		**1 495 318**	**7 670 822**
Långfristiga skulder	9		
Skulder till koncernföretag		0	25 419 276
Summa långfristiga skulder		**0**	**25 419 276**
Kortfristiga skulder			
Skulder till koncernföretag		0	2 051 530
Upplupna kostnader och förutbetalda intäkter		7 000	21 418
Summa kortfristiga skulder		**7 000**	**2 072 948**
SUMMA EGET KAPITAL OCH SKULDER		**1 502 318**	**35 163 046**

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Noter

Not 1 Redovisnings- och värderingsprinciper

Allmänna upplysningar
Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Valutakursdifferenser som uppkommer vid reglering eller omräkning av monetära poster redovisas i resultaträkningen det räkenskapsår de uppkommer, antingen som en rörelsepost eller som en finansiell post utifrån den underliggande affärshändelsen

Redovisningsprinciperna är oförändrade jämfört med föregående år.

Anläggningstillgångar
Immateriella anläggningstillgångar
Immateriella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar enligt plan och eventuella nedskrivningar.

Avskrivning sker linjärt över den förväntade nyttjandeperioden med hänsyn till väsentligt restvärde. Följande avskrivningsprocent tillämpas:

Koncessioner, patent, licenser, varumärken	5 år

Finansiella anläggningstillgångar
Andelar i dotterföretag
Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott läggs till anskaffningsvärdet när de uppkommer.

Finansiella instrument
Finansiella instrument värderas utifrån anskaffningsvärdet. Instrumentet redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten. Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Kundfordringar/kortfristiga fordringar
Kundfordringar och kortfristiga fordringar redovisas som omsättningstillgångar till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra fordringar.

Inkomstskatter
Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatter redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekter redovisas i eget kapital.

Aktuell skatt
Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån den skattesats som gäller per

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balansdagen.

Nyckeltalsdefinitioner

Resultat efter finansiella poster
Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

Balansomslutning
Företagets samlade tillgångar.

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

Not 2 Resultat från andelar i koncernföretag

	2023	2022
Nedskrivningar	-34 673 352	0
	-34 673 352	**0**

Not 3 Övriga ränteintäkter och liknande resultatposter

	2023	2022
Ränteintäkter från koncernföretag	932 984	856 095
Övriga ränteintäkter	34 484	17 321
	967 468	**873 416**

Not 4 Räntekostnader och liknande resultatposter

	2023	2022
Räntekostnader till koncernföretag	-1 838 492	-1 134 442
Kursdifferenser	-374	-1 953
	-1 838 866	**-1 136 395**

Not 5 Koncessioner, patent, licenser, varumärken samt liknande rättigheter

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	64 661	50 000
Inköp	0	14 661
Utgående ackumulerade anskaffningsvärden	**64 661**	**64 661**
Utgående redovisat värde	**64 661**	**64 661**

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Not 6 Andelar i koncernföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	27 464 004	27 464 004
Utgående ackumulerade anskaffningsvärden	**27 464 004**	**27 464 004**
Ingående nedskrivningar	-11 555 227	-11 555 227
Årets nedskrivningar	-15 082 511	0
Utgående ackumulerade nedskrivningar	**-26 637 738**	**-11 555 227**
Utgående redovisat värde	**826 266**	**15 908 777**

Not 7 Fordringar hos koncernföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	18 657 857	15 519 919
Tillkommande fordringar	932 984	3 206 095
Avgående fordringar	0	-68 157
Utgående ackumulerade anskaffningsvärden	**19 590 841**	**18 657 857**
Årets nedskrivningar	-19 590 841	0
Utgående ackumulerade nedskrivningar	**-19 590 841**	**0**
Utgående redovisat värde	**0**	**18 657 857**

Not 8 Andra långfristiga fordringar

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	470 000	320 000
Tillkommande fordringar	0	150 000
Utgående ackumulerade anskaffningsvärden	**470 000**	**470 000**
Utgående redovisat värde	**470 000**	**470 000**

Not 9 Långfristiga skulder

	2023-12-31	2022-12-31
Amortering inom 2 till 5 år	0	25 419 276
	0	**25 419 276**

Not 10 Ställda säkerheter och eventualförpliktelser

Bolaget har inga ställda säkerhter och styrelsen har inte identifierat några eventualförpliktelser.

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Not 11 Koncernförhållande

Bolaget är moderbolag, men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning. Bolaget har under året varit helägt dotterbolag till SEVER Life Sciences B.V., org nr 74996207, med säte i Hoofddorp, Holland som upprättar koncernredovisning. I december har bolaget avyttrats men bolagets resultat kommer konsolideras i SEVER LIfe Sciences koncernredovisning för 2023.

Malmö

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Olga Litvinyuk
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Olga Litvinyuk
Ordförande

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kristian Lundius
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Kristian Lundius

DocuSigned by:
Chris Thomas
42CBC7FD699A481...
Christiaan Thomas
Verkställande direktör

Vår revisionsberättelse har lämnats

BDO Syd Kommanditbolag

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Christofer Hultén
9B1600634017485...
Christofer Hultén
Auktoriserad revisor

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Certificaat betreffende voltooiing

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Certificaatpagina's: 5 Initialen: 0
Begeleide ondertekening: Ingeschakeld
Stempel met envelop-id plaatsen: Ingeschakeld
Tijdzone: (UTC+01:00) Brussel, Kopenhagen, Madrid, Parijs

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6-6-2024 15:57:24

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Locatie: DocuSign

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Handtekening

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42CBC7FD669A481

Aanneming van de handtekening Vooraf geselecteerde stijl
IP-adres gebruiken: 86.88.182.195

Tijdstempel

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Ondertekend: 10-6-2024 12:10:13

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Geaccepteerd: 10-6-2024 11:59:58
ID: ee67c9bb-86b6-40a1-8176-90c1372d1a66

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kristian@lundius.eu
Beveiligingsniveau: E-mailadres, Accountverificatie (geen)

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Aanneming van de handtekening Vooraf geselecteerde stijl
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Aangemeld via mobiel

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Bekeken: 6-6-2024 17:12:15
Ondertekend: 6-6-2024 17:14:02

Elektronische document- en handtekeninginformatie:
Geaccepteerd: 12-12-2023 13:14:56
ID: 1942c92b-5316-4ce0-bec7-a645b5ee1344

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Aanneming van de handtekening Vooraf geselecteerde stijl
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Ondertekend: 13-6-2024 13:32:33

Elektronische document- en handtekeninginformatie:
Geaccepteerd: 13-6-2024 13:30:03
ID: 7213dcb0-85c8-4fac-8e60-99324cd0b060

Gebeurtenissen voor persoonlijke ondertekenaar	Handtekening	Tijdstempel
Verzendingsgebeurtenissen voor bewerker	**Status**	**Tijdstempel**

Verzendingsgebeurtenissen voor vertegenwoordiger	Status	Tijdstempel
Verzendingsgebeurtenissen voor tussenpersoon	**Status**	**Tijdstempel**
Gecertificeerde verzendingsgebeurtenissen	**Status**	**Tijdstempel**
Carbon copy-gebeurtenissen	**Status**	**Tijdstempel**
Getuige evenementen	**Handtekening**	**Tijdstempel**
Notarisgebeurtenissen	**Handtekening**	**Tijdstempel**

Gebeurtenissen voor envelopsamenvatting	Status	Tijdstempels
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Gecertificeerd verzonden	Beveiliging gecontroleerd	13-6-2024 13:30:03
Ondertekening voltooid	Beveiliging gecontroleerd	13-6-2024 13:32:33
Voltooid	Beveiliging gecontroleerd	13-6-2024 13:32:33

Betalingsgebeurtenissen	Status	Tijdstempels

Elektronische document- en handtekeninginformatie

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Certificaat betreffende voltooiing

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Documentpagina's: 10 Handtekeningen: 1
Certificaatpagina's: 5 Initialen: 0
Begeleide ondertekening: Ingeschakeld
Stempel met envelop-id plaatsen: Ingeschakeld
Tijdzone: (UTC+01:00) Brussel, Kopenhagen, Madrid, Parijs

Status: Voltooid

Opdrachtgever van envelop:
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Status: Original
18-6-2024 11:30:01

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Ondertekenaargebeurtenissen

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Handtekening

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Aanneming van de handtekening Vooraf geselecteerde stijl
IP-adres gebruiken: 217.119.170.26

Tijdstempel

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Bekeken: 18-6-2024 11:32:17
Ondertekend: 18-6-2024 11:32:57

Elektronische document- en handtekeninginformatie:
Geaccepteerd: 18-6-2024 11:32:17
ID: a867ec56-2a95-4e38-8916-756990901fc7

Gebeurtenissen voor persoonlijke ondertekenaar	**Handtekening**	**Tijdstempel**
Verzendingsgebeurtenissen voor bewerker	**Status**	**Tijdstempel**
Verzendingsgebeurtenissen voor vertegenwoordiger	**Status**	**Tijdstempel**
Verzendingsgebeurtenissen voor tussenpersoon	**Status**	**Tijdstempel**
Gecertificeerde verzendingsgebeurtenissen	**Status**	**Tijdstempel**
Carbon copy-gebeurtenissen	**Status**	**Tijdstempel**
Getuige evenementen	**Handtekening**	**Tijdstempel**
Notarisgebeurtenissen	**Handtekening**	**Tijdstempel**
Gebeurtenissen voor envelopsamenvatting	**Status**	**Tijdstempels**
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Gecertificeerd verzonden	Beveiliging gecontroleerd	18-6-2024 11:32:17

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20240705265358

REVISIONSBERÄTTELSE

Till bolagsstämman i Izvarino Farma AB
Org.nr. 556687-3591

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Izvarino Farma AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Izvarino Farma ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Izvarino Farma AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Izvarino Farma AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet "Revisorns ansvar". Vi är oberoende i förhållande till Izvarino Farma AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Malmö den 2024

BDO Syd KB

Christofer Hultén

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SEVER LIFE SCIENCES B.V.
HOOFDDORP, THE NETHERLANDS

Annual Report as at 31 December 2023

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MANAGING DIRECTORS' REPORT

Overview

SEVER Life Sciences B.V. ('the Company'), a Dutch limited liability company having its statutory seat in Hoofddorp, is the parent company of the SEVER Group ('the Group') of companies. The registered office of the Company is located at Siriusdreef 41, Hoofddorp, The Netherlands. The Company is registered at the Dutch Trade Register under number 74996207.

The Company is the holding company of four specialised distinct but interconnected business units which have unique combinations of pharmaceutical products, services and technologies. These business units are Nordic Pharma, Sever Pharma Solutions, Esperante Development and Farmaprim and their mandate and purpose will be explained later.

The Group is engaged in the development, production and sale of pharmaceutical products and services and has subsidiaries in the USA, Canada, Sweden, The Netherlands, Belgium, United Kingdom, Ireland, France, Germany, Switzerland, Italy, Spain, Czech Republic, Romania, Moldova, Georgia, Poland, Japan and Hong Kong and branch offices in Denmark, Finland, Norway, Portugal and the former CIS countries.

The Company is a 100% subsidiary of Draupnir Holding B.V., a company registered in Hoofddorp, The Netherlands. The Company's ultimate controlling parent entity is Cryosphere Foundation, registered on Guernsey.

As at 31 December 2023, the Company's Board of Directors ('the Board') consisted of Mr. J.D. Hobbs, Mr. H. Schram and Mr. E.H.M. Schropp. At the moment the Company's entire Board consists of men and there are no vacancies. However, in the event a board seat becomes available, a person contributing to a more balanced gender ratio of the Board will be considered. The Company's Senior Management team consists of three males and two females, from the Netherlands, Belgium, Ireland, France and the UK.

Review of operations 2023

General

The year 2023 can be described as the first post Covid-19 year in which the provision of healthcare and the commercial pharmaceutical market returned to focusing on satisfying the 'routine' needs of patients. Commercialization of pharmaceuticals has returned to many of the pre-pandemic practices although the digital and AI advances are now becoming normalized in these processes.

The effects of the pandemic are still in evidence in the pricing, reimbursement and taxing of the pharmaceutical industry. France, the UK and other countries have put in place 'clawback' measures to recover the costs of treating the pandemic. Moreover, the USA is now considering

price controls to reduce the cost to patients and society of new, expensive medications. In addition to this, geopolitical issues have affected costs and resulted in distribution challenges, also for companies in the pharmaceutical industry

To be successful, pharmaceutical companies need to have vibrant R&D and dynamic Business Development to bring new therapies to the market with better patient outcome which can replace the older products that face a rapidly increasing amount of generic competition and government led price cuts. The Group does not envisage building significant research facilities but instead will focus on development of existing assets, life cycle management of its current portfolio and acquisition of companies and products that can add value to the companies within the Group.

Nordic Pharma

Nordic Pharma is now a global mid-sized pharma group active in women's health, rheumatology, nutraceuticals and ophthalmology. During 2023, two companies were integrated into Nordic Pharma: Draupnir Holdings Ltd. ('Draupnir UK') and Amring Pharmaceuticals Inc. ('Amring US'). The integration of Draupnir UK improved Nordic Pharma's product portfolio with commercial and development products in ophthalmology and nutraceuticals. The integration of Amring US allows Nordic Pharma to expand into the most valuable global pharma market, the USA.

In December 2023, Amring US acquired Visant Medical, Inc. ('Visant') a leader in medical technology innovation in dry eye disease. Visant's key product is Lacrifill, a canalicular occlusive device, which is intended to temporarily block tear drainage by the occlusion of the canalicular system. This acquisition will allow Nordic Pharma to target the branded ophthalmology market in the USA and create a sustainable platform for future growth. It is Nordic Pharma's ambition to launch Lacrifill also on a global scale once regulatory approvals are achieved, although there is no clear business plan at this time as the focus is on a successful launch of the product in the USA.

Nordic Pharma's revenue grew by €27 million and reached sales of €215 million during 2023. The integration of Amring US provides the commercial, financial and distribution infrastructure to allow Nordic Pharma's branded pharma portfolio to reach the USA market without significant upfront investments.

France remains the largest market in the Nordic Group with sales over €50 million but various factors slowed down the growth to 3.8%. The Nordic countries reached €29 million in net sales with 4.1% growth. The UK suffered from stock shortages for two products and was slightly below prior year at €21 million. However, these supply issues have been resolved and Nordic Pharma should see this market returning to significant growth. Canada achieved €14 million in sales and has a strong platform to launch new products in 2024. Spain and Portugal continued to show double digit growth.

The restructuring of Germany, Austria and Switzerland into a DACH region and the combining of The Netherlands and Belgium activities has been completed without detrimental sales progression and should provide a more profitable cost base for the future. The General Export Department was set up during 2023 with the objective to have a profitable low investment approach to globalising the Nordic Pharma products through distributor networks rather than own company affiliates. This

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is being implement for East and Central Europe as well as Latin America and South East Asia. Middle East will be managed through a third party owned Jordan based coordination centre.

In 2023, management decided to terminate the development of two US ANDAs projects due to regulatory and quality-related issues at the responsible CMO, resulting in an impairment loss of €18.9 million. However, two major highlights for Nordic Pharma are the launch of the first medical termination of pregnancy product in Japan through Linepharma, where exclusivity will protect the investment of growing this market, and the integration of Amring US followed by the acquisition of Visant Medical Inc via which Lacrifill entered the Nordic Pharma Group. The USA and Japan are still the two most valuable markets in the world and Nordic Pharma is now well-positioned to benefit from commercialising two valuable products with healthy gross margins.

SEVER Pharma Solutions

SEVER Pharma Solutions ('SPS') is a CDMO specializing in polymer controlled release systems and high potent drugs manufacturing for which it offers end-to-end services. SPS' primary manufacturing site is based in Malmö, Sweden but in 2021, SPS took a critical step towards becoming a global CDMO by acquiring the US-based company Foster Delivery Science, Inc. This acquisition provides SPS with access to a polymer implant technology which has particular relevance in ophthalmology and potentially also in oncology.

SPS's objective to be a leading CDMO for polymer delivery systems of pharmaceutical products has been enhanced for external customers and has the potential to act as an internal partner for Nordic Pharma and Esperante Development to develop valuable products using this polymer implant technology.

The year 2023 was a challenging year for SPS as two major products, Annovera and Endometrin, experienced issues that affected revenue and profitability. The product rights of Annovera were sold and the new owners reduced the volumes ordered from SPS by over 70% to reduce their exposure to overstocking. This was mitigated by a price increase but still had a significant impact on the 2023 financial results. As from 2024, SPS will benefit from this new pricing, as volumes are expected to return to a closer approximation of the pre-acquisition amounts. Endometrin was the subject of a recall by the marketing authorization holder in April 2023 which halted further sales in 2023. Considerable management time and effort was expended to identify and solve the issue. This appears to be resolved and the product is expected to return to the market in 2024.

Total sales for 2023 remained at a level of €50 million from a forecasted level of €64 million. Significant cost efficiencies were made to mitigate the lost margin due to the decline in revenue but EBITDA only achieved €1.4m. A return to higher profitable growth is expected in 2024.

Esperante Development

Esperante Development was formerly known as Disphar and acted as a generator of generic registration files and supplier of products to generic distributors. At the end of 2022, Disphar was rebranded as Esperante Development. This to reflect its changed objectives to become the technology transfer company for the Group where products from Product Development and acquisitions through Business Development could be guided through the clinical and technical

development processes and enter the market as commercial products for Nordic Pharma or external companies if the products did not fit into the Nordic Pharma portfolio. Esperante Development's key development project is Tranilast, which is a product for prevention of scarring post glaucoma surgery and is expected to show a proof of concept in by mid-2024 with an expected launch in 2030. Fosfomycin is another development project and a number of new projects are currently being initiated.

Esperante Development's operating result for 2023 was €0.6 million negative and its result for the year amounted to a loss of €0.9 million.

Farmaprim

Farmaprim is a full service pharmaceutical company based in Moldova that produces a range of pharmaceutical products for the former CIS states. These products are sold and distributed through branch offices in the larger markets and distributors in the other countries. The product range is focused on gels, ointments and compressed products for suppositories and pessaries.

Moldova has a low cost economy and has now applied to join the European Union. Plans are being developed to bring Farmaprim products into the European Union and to distribute Nordic Pharma and Esperante Development products to CIS countries via Farmaprim's network.

During 2023 Farmaprim generated sales of €13.8 million and an EBITDA of €2.8 million.

Divestment of Izvarino

Izvarino Farma AB ('Izvarino') is the parent company of the Izvarino Group with operating companies in Moscow and Kazan involved in the development, manufacturing, marketing and distribution of essential medicines to patients in Russia in therapeutic areas like gynaecology, endocrinology, transplantation, oncology, obstetrics, neurology.

The Group explored the possibility of divesting its Russian activities following the events in Ukraine. In December 2023, the Company completed the divestment of its shares in Izvarino which resulted in a total net loss of €53.7 million (reference is made to Note 8 of the Consolidated Financial Statements).

Financial Results

The total income of the Group for 2023 amounted to €271.1 million as compared to €250.9 million in 2022, representing an increase of €20.2 million (+8%).

This net increase represents a combination of a €27.0 million higher income in Nordic Pharma (€12.0 million due to the contribution of Nordic Pharma Ltd and €15.0 million due to organic growth) and Farmaprim €2.6 million all of which are offset against a €5.3 million decrease in the total third party income of SPS and a €4.1 million decrease of Esperante Development's total income mainly caused by supply constraints.

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The Group's operating result for 2023 amounted to a loss of €23.5 million as compared to a loss of €5.6 million during 2022. The Group's result for the year amounted to a loss of €81.8 million (2022: profit of €1.3 million). This is mainly due to impairment losses (€22.8 million) and the total net loss on the sale of Izvarino (€53.7 million).

The Group's equity as at 31 December 2023 amounted to €144.5 million (2022: €226.1 million) at a balance sheet total of €314.5 million (2022: €341.1 million), representing a 20% decrease of the Group's equity ratio to 46% at 31 December 2023 (2022: 66%) mainly caused by the net loss for the year.

Employees

During the year, the average number of people employed world-wide by the Group was 835 expressed as full-time equivalents (2021: 801).

Sources of funding

Since its incorporation, the Group has been funded through a combination of shareholder equity, shareholder loans and bank borrowings.

Risk management and internal control

Risk management

Major changes in the current business environment including economic, financial and regulatory conditions, have increased the importance of appropriate risk mitigating practices. The Group needs to be alert to the business environment risks and be rigorous in its risk management. From a strategic and business risk perspective, the Group has a clear strategy and aims to pursue sustainable profitable growth.

The Group takes a responsible approach to risk management through a policy aimed at maintaining a sufficient level of capital supporting sustainable growth. Operational risks can result in losses due to inadequate or failed internal processes, people and system or from external events, and carry some legal risk.

The Group has created an internal control environment in which risks and events are appropriately balanced. Compliance risk is the risk of legal penalties due to failure to comply with laws or regulations and the Group strives to comply with the laws and regulations of all countries in which it is active. The Group's approach to financial risk management is one based upon the outcome of business operations and not investments in financial instruments.

Fraud and irregularities

The Board is aware of the ever-present risk of fraud that the Group faces in carrying out its worldwide activities. External parties must be able to trust that the Group conducts its business in

a reliable, honest and careful manner. Therefore, the Group has a robust risk management and control system geared towards its business activities.

The Group's financial processes are characterized by the presence of segregation of duties. This prevents a single individual from initializing, authorizing, processing and settling transactions or liabilities and having access to assets in an uncontrolled manner. During daily business operations, checks are carried out to determine whether work is being done in accordance with the agreements made in this regard, including the various information security protocols.

Despite comprehensive internal control measures, there remains the risk of management or the Board overriding internal controls and the risk of collusion between employees. Transparent decision-making, the governance structure, an open culture in which we do not hesitate to call each other to account and periodic audits on compliance with control measures all contribute to the detection and prevention of the override of controls.

The Board is of the opinion that, taking into account all procedures and control measures, the risk assessment provides a complete overview of the risks the company faces and that adequate procedures are in place to mitigate these risks.

Going Concern

In the going concern assessment, Group management has taken into account both operational and financial aspects and has drawn up a plan in which the core business processes and their continuity are closely monitored.

The financial forecasts are estimated to the best of our knowledge and are expressed in an annual budget. The financial year ended 31 December 2023 was a reasonable year for the Group. Despite two significant short term issues in SPS, which had a significant impact on the Group's performance in 2023, the year 2023 was a year wherein the Group delivered growth in revenue. The net loss for the year mainly related to impairment charges and the loss on the sale of Izvarino, neither of which had a negative impact on cash-flow.

The most important key figures in the context of the going concern assumption as on 31 December 2023 are as follows:

- Equity: €144.5 million (2022: €226.1 million)
- Result for the year: loss of €81.8 million (2022: profit of €1.3 million)
- Net working capital: €63.0 million (2022: €125.9 million)
- Solvency: 46% (2022: 66%)
- Liquidity:
  - Operating cash flow: €9.2 million (2022: €13.8 million)
  - Current ratio: 1,6 (2022: 2,5)
  - Quick Ratio: 1,0 (2022: 1,6)

The Group has made financing arrangements with banks which have been incorporated in the financial statements and the notes thereto. There was no breach of agreements or covenants.

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Management expects that the Group will continue to meet its covenant requirements in the foreseeable future and that it will generate sufficient cash flows to continue to meet its obligations. Based upon that, management is of the opinion that the Group's going concern is assured.

Outlook

The population of most developed countries in the world is becoming older. According to the WHO, one in every six people on the planet will be 60 years or older by the year 2030. This rise in the elderly population increases the patient pool of many chronic diseases such as rheumatoid arthritis, hypertension, diabetes and cancer. The demand for medicines used in the treatment of these diseases will significantly increase in the coming years.

The Group has set a clear growth ambition to reach €500 million in revenues with a corresponding sustainable EBITDA. We are confident we will meet these targets, partly through organic growth but mainly through business development initiatives involving external licensing agreements and M&A activities that will significantly contribute towards achieving this goal.

In line with our strategic and growth objectives, the Group's capital expenditures for 2024 are budgeted at €22 million. These investments are intended to increase our operational capabilities and strengthen our position in the industry. The funding for these investments will be secured through a balanced combination of shareholder loans and third-party bank loans, ensuring a sustainable financial structure and optimal use of resources.

The Group's R&D activities include in-house and outsourced research, development and life cycle management activities. Total R&D spending in 2023 amounted to €24.6 million (2022: €21.3 million). While R&D is essential in the pharmaceutical industry, the focus of the Group is to pursue and evaluate, in-licensing, acquisition and partnership opportunities, in order to further strengthen its product portfolio and achieve its objectives.

As we enter 2024, our main priority will be the successful launch of Lacrifill. This innovative addition to our product portfolio reflects our unwavering commitment to advancing healthcare solutions and underscores our dedication to meeting the evolving needs of ophthalmology patients worldwide. As we venture into this new chapter, we remain focused on sustainable growth in revenues and profitability. Management believes the Group is well-positioned to achieve its ambitious targets.

Subsequent events

There have been no significant events subsequent to the financial year 2023, which would require additional disclosure in the financial statements.

* * * * *

Hoofddorp, 4 April 2024

Managing Directors

J.D. Hobbs
(Chairman)

H. Schram

E.H.M. Schropp

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CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2023

	2023		2022	
	EUR'000	EUR'000	EUR'000	EUR'000
Continuing operations				
Revenue (3)	266,940		246,206	
Other operating income (3)	4,231		4,699	
Total income		271,171		250,905
Cost of revenues		(164,176)		(161,900)
Gross profit		106,995		89,005
Marketing and sales expenses (3)	(38,822)		(34,456)	
Research and development expenses (3)	(24,577)		(21,352)	
General and administrative expenses (3)	(67,132)		(38,801)	
Total operating expenses		(130,531)		(94,609)
Operating result		(23,536)		(5,604)
Financial income (3)	4,351		2,031	
Financial expenses (3)	(5,769)		(3,302)	
Total financial result		(1,418)		(1,271)
Result before income taxes		(24,954)		(6,875)
Income tax charge (4)		(3,140)		(4,545)
Result for the year from continuing operations		(28,094)		(11,420)
Discontinued operations				
Result for the year from discontinued operations (8)		(53,671)		12,675
Result for the year		(81,765)		1,255
Attributable to:				
Equity holders of the parent		(81,869)		1,235
Non-controlling interest		104		20
Result for the year		(81,765)		1,255

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

	2023		2022	
	EUR'000	EUR'000	EUR'000	EUR'000
Result for the year		(81,765)		1,255
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations, net of tax	(5,335)		3,405	
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(5,335)		3,405
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement (losses) / gains on defined benefit plans	(90)		292	
Income tax effect	22		(91)	
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(68)		201
Other comprehensive result for the year, net of taxes		(5,403)		3,606
Total comprehensive result for the year, net of taxes		(87,168)		4,861
Attributable to:				
Equity holders of the parent		(87,256)		4,836
Non-controlling interest		88		25
Total comprehensive result for the year, net of taxes		(87,168)		4,861

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2023

A s s e t s

	2023		2022	
	EUR'000	EUR'000	EUR'000	EUR'000
Non-current assets				
Intangible assets (5)	66,514		52,899	
Property, plant and equipment (6)	47,980		60,437	
Right-of-use assets (18)	9,346		9,386	
Financial assets (7)	5,646		80	
Deferred income tax assets (4)	9,936		7,115	
Total non-current assets		139,422		129,917
Current assets				
Inventories (10)	65,745		73,629	
Trade receivables (11)	62,478		90,478	
Contract assets (3)	3,663		1,814	
Corporate income tax receivable	4,217		4,139	
Other receivables and other current assets (12)	11,773		13,085	
Cash and cash equivalents	27,249		27,989	
Total current assets		175,125		211,134
Total assets		314,547		341,051

Equity and liabilities

	2023		2022	
	EUR'000	EUR'000	EUR'000	EUR'000
Equity (13)				
Issued capital	500		500	
Share premium	183,898		178,325	
Translation reserve	(2,160)		3,159	
Retained earnings	44,377		43,210	
Result for the year	(81,869)		1,235	
Equity attributable to the equity holders of the parent	144,746		226,429	
Non-controlling interest	(236)		(324)	
Total equity		144,510		226,105
Non-current liabilities				
Deferred income tax liabilities (4)	3,371		4,432	
Provisions (14)	2,989		6,868	
Interest-bearing loans and borrowings (15)	41,290		8,070	
Lease liabilities (18)	6,431		6,854	
Other financial liabilities (17)	3,868		3,455	
Total non-current liabilities		57,949		29,679
Current liabilities				
Trade payables (19)	22,649		24,770	
Contract liabilities (3)	5,564		6,564	
Interest-bearing loans and borrowings (15)	6,077		4,005	
Short-term borrowings from banks (16)	3,481		2,741	
Lease liabilities (18)	2,781		2,612	
Provisions (14)	1,070		1,683	
Other financial liabilities (17)	27,357		6,242	
Corporate income tax payable	4,263		4,356	
Other payables and other current liabilities (19)	38,846		32,294	
Total current liabilities		112,088		85,267
Total liabilities		170,037		114,946
Total equity and liabilities		314,547		341,051

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Issued capital	Share premium	Translation reserve	Retained earnings	Result for the year	Total	Non-controlling interest	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 January 2022	500	124,510	(241)	23,439	19,570	167,778	(349)	167,429
Result for the year	–	–	–	–	1,235	1,235	20	1,255
Re-measurement gain / (loss) on defined benefit plans	–	–	–	201	–	201	–	201
Exchange differences on translation of foreign operations, net of tax	–	–	3,400	–	–	3,400	5	3,405
Total comprehensive income	–	–	3,400	201	1,235	4,836	25	4,861
Share premium contribution in kind (Note 13)	–	53,815	–	–	–	53,815	–	53,815
Appropriation profit previous year	–	–	–	19,570	(19,570)	–	–	–
Balance as at 31 December 2022	500	178,325	3,159	43,210	1,235	226,429	(324)	226,105
Balance as at 1 January 2023	500	178,325	3,159	43,210	1,235	226,429	(324)	226,105
Result for the year	–	–	–	–	(81,869)	(81,869)	104	(81,765)
Re-measurement gain / (loss) on defined benefit plans	–	–	–	(68)	–	(68)	–	(68)
Exchange differences on translation of foreign operations, net of tax	–	–	(5,319)	–	–	(5,319)	(16)	(5,335)
Total comprehensive income	–	–	(5,319)	(68)	(81,869)	(87,256)	88	(87,168)
Share premium contribution in kind (Note 13)	–	5,573	–	–	–	5,573	–	5,573
Appropriation profit previous year	–	–	–	1,235	(1,235)	–	–	–
Balance as at 31 December 2023	500	183,898	(2,160)	44,377	(81,869)	144,746	(236)	144,510

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	2023		2022	
	EUR'000	EUR'000	EUR'000	EUR'000
Cash flows from operating activities				
Result for the year	(81,765)		1,255	
Adjustments to reconcile cash generated by operating activities:				
Depreciation, amortization, impairment losses and disposals (3)	40,856		25,628	
Financial income (3)	(4,351)		(2,922)	
Financial expenses (3)	13,172		3,961	
Income tax charge (4)	3,140		7,686	
Loss on disposal a subsidiary (8)	53,671		–	
Changes in working capital:				
Increase in inventories (10)	(11,219)		(12,546)	
Decrease / (Increase) in trade receivables (11)	8,675		(12,442)	
(Increase) / Decrease in contract assets (3)	(1,864)		1,140	
Increase in other receivables and other current assets (12)	(528)		(1,480)	
(Decrease) / Increase in trade payables (19)	(3,813)		4,950	
(Decrease) / Increase in contract liabilities (3)	(1,196)		1,127	
Increase in other payables (19)	8,248		4,054	
Changes in other liabilities:				
Movements in provisions (14)	(4,280)		1,181	
Cash generated from operations	18,746		21,592	
Interest income received	3,556		1,291	
Interest expenses paid	(4,760)		(2,883)	
Income taxes paid	(8,346)		(6,225)	
Net cash flow generated by operating activities		9,196		13,775
Cash flows from investing activities				
Acquisition of intangible assets (5)	(5,161)		(8,507)	
Acquisition of property, plant & equipment (6)	(11,275)		(9,722)	
Disposal of property, plant and equipment (6)	–		290	
Acquisition of a subsidiary, net of cash acquired (8)	(13,437)		–	
Sale of a subsidiary, net of cash disposed (8)	(5,642)		–	
Carried forward	(35,515)		(17,939)	

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	2023		2022	
	EUR'000	EUR'000	EUR'000	EUR'000
Brought forward	(35,515)		(17,939)	
Business combinations under common control, net of cash acquired (9)	2,863		–	
Movements in financial assets (7)	(1,524)		(80)	
Net cash flows used in investing activities		(34,176)		(18,019)
Cash flow from financing activities				
Proceeds of interest-bearing loans and borrowings (15, 23)	37,263		58,195	
Repayment of interest-bearing loans and borrowings (15, 23)	(3,938)		(9,639)	
Proceeds of short-term borrowings from banks (16, 23)	2,530		1,882	
Repayment of short-term borrowings from banks (16, 23)	(1,727)		(34,258)	
Payment of other financial liabilities (17, 23)	(5,500)		(5,084)	
Payment of lease liabilities (18, 23)	(3,376)		(3,325)	
Net cash flows generated by financing activities		25,252		7,771
Increase in cash and cash equivalents		272		3,527
Cash and cash equivalents at the beginning of the year		27,989		24,053
Net foreign currency exchange differences		(1,012)		409
Cash and cash equivalents at the end of the year		27,249		27,989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General

SEVER Life Sciences B.V. ('the Company'), a Dutch limited liability company having its statutory seat in Hoofddorp, is the parent company of the SEVER Group ('the Group') of companies. The registered office of the Company is located at Siriusdreef 41, Hoofddorp, The Netherlands. The Company is registered at the Dutch Trade Register under number 74996207.

The Company is the holding company of four specialised distinct but interconnected business units which have unique combinations of pharmaceutical products, services and technologies. These business units are Nordic Pharma, Sever Pharma Solutions, Esperante Development and Farmaprim and their mandate and purpose will be explained later.

The Group is engaged in the development, production and sale of pharmaceutical products and services and has subsidiaries in the USA, Canada, Sweden, The Netherlands, Belgium, United Kingdom, Ireland, France, Germany, Switzerland, Italy, Spain, Czech Republic, Romania, Moldova, Georgia, Poland, Japan and Hong Kong and branch offices in Denmark, Finland, Norway, Portugal and the former CIS countries.

The Company is a 100% subsidiary of Draupnir Holding B.V., a company registered in Hoofddorp, The Netherlands. The Company's ultimate controlling parent entity is Cryosphere Foundation, registered on Guernsey.

As at 31 December 2023, the Company's Board of Directors ('the Board') consisted of Mr. J.D. Hobbs, Mr. H. Schram and Mr. E.H.M. Schropp. At the moment the Company's entire Board consists of men and there are no vacancies. However, in the event a board seat becomes available, a person contributing to a more balanced gender ratio of the Board will be considered. The Company's Senior Management team consists of three males and two females, from the Netherlands, Belgium, Ireland, France and the UK

2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') and its interpretations as adopted by the EU ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements have been prepared on a historical cost basis. All amounts are stated in thousands of Euros, unless otherwise indicated.

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Going concern

The consolidated financial statements are prepared based on the going concern assumption, which assumes that the Group will continue to operate as a going concern for the foreseeable future.

Changes in accounting policies

The following amendments became mandatorily effective for reporting periods beginning on or after 1 January 2023:

- IFRS 17 – *Insurance Contracts.*
- *Definition of Accounting Estimates – Amendments to IAS 8.*
- *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.*
- *International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12.*

Despite the impact *Amendments to IAS 1 and IFRS Practice Statement 2* had on the Group's accounting policies, adoption of the above-mentioned amendments to the IFRS Standards did not have a material impact on the Group's financial statements.

Significant accounting judgments estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's policies, management has made judgements which could have a significant effect on the amounts recognized in the consolidated financial statements.

Loss of control Izvarino Farma AB

On 13 December 2023, the Company sold its shares in Izvarino Farma AB ('Izvarino') for a consideration of €1.5 million through a promissory note accompanied by a call option exercisable between 1 January 2029 and 31 December 2031. The Group has determined that it no longer has the ability to direct Izvarino's relevant business activities. The option is not directly exercisable as there is a five-year waiting period and in addition there are no restrictions with respect to dividend distributions during that vesting period. Therefore, the call option does not qualify as a substantive right resulting in the loss of control and deconsolidation of Izvarino.

Acquisition of Visant Medical Inc.

On 18 December 2023, the Company's subsidiary Amring Pharmaceuticals Inc. acquired all shares in Visant Medical Inc. This acquisition did not contain an organized workforce or a substantive process and is therefore not accounted for as a business combination in accordance with IFRS 3 but rather as an acquisition of intangible assets. The Group also performed a concentration test in which it concluded that substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset, the intellectual property of the product Lacrifill.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described hereunder. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

The Group assesses whether there are any indicators for impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recovered. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Pension and other employment benefits

The cost of defined benefit pension plans is determined using actuarial calculations. The actuarial calculations involve making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions.

Deferred income tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Contingent consideration

The financial statements include contingent considerations as a result of the acquisition of subsidiaries. These contingent considerations are based upon discounted future sales projections prepared by Group management using industry knowledge or on the achievement of other milestones as further detailed in Note 17.

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Translation of foreign currencies

The Group's consolidated financial statements are presented in Euros, which is also the parent company's functional currency. Each entity within the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Subsidiaries
The functional currencies of the foreign operations are predominately the Euro, Canadian Dollar, US Dollar, Swedish Krona and the British Pound.

Revenue recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other VAT or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in most of its revenue arrangements. IFRS 15 states that revenues should be recognized when a performance obligation is satisfied.

Performance obligations and timing of revenue recognition
As marketing and sale organization, the Group earns most of its revenues from the sale of goods. Therefore, most of the Group's revenues are recognized at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. A significant part of the Group's operations is operated with pre-wholesalers that manage the Group's inventories, invoicing, deliveries and cash collections. The Group has no obligations from warranties. Obligations from returns only exist under specific customer contracts entered into by the Group's subsidiary Amring Pharmaceuticals Inc.

There is limited judgement needed in identifying the point of control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question. There are generally no other promises in the sales contracts than to deliver the goods. As the Group's customers can benefit from the goods upon receipt, the sale of goods is a distinct performance obligation and revenues are recognized at a point in time.

The Group also incurs a small portion of its revenues in connection with pharmaceutical services. In most cases, these contracts run longer than a year with revenue recognized typically on an over time basis. All service contracts are set up in a way to be distinct and the consideration related to the services is based upon standard hourly prices. On partially completed projects the Group recognizes revenues based upon stage of completion which is estimated by comparing the number of hours spend on the project with the total number of hours expected to complete the project (i.e., an input-based method). This is considered a faithful depiction of the transfer of services as the contracts are initially priced based on anticipated hours to complete the projects and therefore also represent the amount to which the Group would be entitled based on its performance to date.

There is only one performance obligation in the service contracts. The customer simultaneously receives and consumes the benefits of the reported parts of the development work as the Group performs.

Determining the transaction price

With respect to the sale of goods a fixed transaction price is agreed in the order, or order confirmation, between the Group and its customer. Prices are also included in the master service agreements which are updated yearly. However, the price in the order confirmation is leading. There are no other variable components (such as financing, payables to the customer, non-cash, etc.) included in the transaction price.

Historical experience enables the group to estimate reliably the value of goods that will be returned and restrict the amount of revenue that is recognized such that it is highly probable that there will not be a reversal of previously recognized revenue when goods are returned. Variable consideration relating to volume rebates has been constrained in estimating contract revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognized when the amount of volume rebates has been determined. Such special considerations are generally calculated on a calendar year basis and therefore do not require a lot of judgment.

Allocating amounts to performance obligations

As the sale of goods as well as the rendering of development services revenues are both considered single performance obligations, there is no judgement involved in allocating the contract price to each unit in such contracts. This will be the total contract price divided by either the number of units ordered or hours spend.

Practical exemptions

The Group has taken advantage of the following practical exemptions:

- Not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customers is one year or less; *and*
- expense the incremental costs of obtaining a contract when the amortization period of the asset otherwise recognized would have been one year or less; *and*
- the practical expedient of IFRS 15.121(a) as the great majority of the Group's contracts are for the delivery of goods or rendering of services within the next twelve months.

VAT

Income, expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; *and*
- receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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Fair value measurements

The Group measures certain financial instruments at fair value. The fair values of financial instruments measured at amortized costs are disclosed in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

Acquisitions, Business Combinations and Goodwill

The accounting of acquisitions is depending on whether the acquired entity, asset or a group of assets constitute a business. At a minimum, a business must include an input and a substantive process that together significantly contribute to the ability to create output. A critical judgement is made when the acquisition of an existing sales and marketing company include licenses or market authorizations of drugs or products that is already actively sold on the market, with all marketing, sales and distribution activities being outsourced to external contracting parties.

These outsourced activities qualify as a substantive process if the underlying contracts are unique or scarce, or cannot be replaced without significant cost, effort, or delay in the ability in creating outputs. Similar judgement is required when the Group acquires a single license or market authorization, or group of licenses or market authorizations, of drugs or products that are already actively sold on the market, without acquiring a legal entity.

Acquisitions that qualify as a business combination are accounted for using the acquisition method. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Business combinations under common control
Business combinations under common control, whereby the buyer and the seller are ultimately owned by the same party, are accounted for using the carry-over method. When applying the carry-over method, the acquisition balance consists of the book values as previously included in the highest consolidating entity of the seller at the acquisition date.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible with a finite useful life are reviewed at least at each financial year end.

Amortization of the asset starts when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

Summary of the policies applied to the Group's intangible assets is stated hereunder:

	Trademarks, Licenses & Registrations	**Capitalized development costs**	**Software**	**Other**
Useful lives	Finite	Finite	Finite	Finite
Amortization method used	Amortized on a straight line basis over four to ten years	Amortized on a straight line basis over ten ten years	Amortized on a straight line basis over five years	Amortized on a straight line basis over five years
Internally generated or acquired	Acquired	Internally generated	Acquired	Acquired

Trademarks, Licenses & Registrations
Trademarks, licenses and registrations for the use of intellectual property are granted for periods ranging between four and ten years depending on the specific license. Approved Abbreviated New Drug Applications (ANDA's) are amortized over the estimated useful life which generally lies at ten years starting as of the introduction date of the underlying drug on the market.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as stated hereunder:

- Buildings (and leasehold improvements) 10 to 50 years
- Machinery and equipment 3 to 10 years
- Other 3 to 5 years

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The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Financial assets

Financial assets are initially recognized at fair value plus transaction costs except for those carried at fair value through profit or loss. For purposes of subsequent measurement financial assets are classified in two categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
This category is most relevant to the Group. The Group's financial assets at amortized cost mainly include trade receivables.

Financial assets at fair value through profit or loss
Financial assets classified in this category are those that are mandatorily measured at fair value in accordance with IFRS 9. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as income in the income statement.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)
The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected credit loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.
The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs.

Costs incurred in bringing each product to its present location and condition are accounted for as follows. Raw materials are stated at the purchase cost on a first in, first out basis. Finished goods and work-in-progress include costs of direct materials and labour and a proportion of manufacturing overhead based on normal operating capacity but excluding borrowing cost.

Other receivables and other current assets

All other receivables and other current assets are stated at the amounts at which they were acquired or incurred.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position and in the statement of cash flows comprise cash on hand and in banks and short-term deposits with an original maturity of three months or less. All cash is at free disposal of the Group unless stated otherwise.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Loans and borrowings

Financial liabilities at fair value through profit or loss

This category comprises the contingent considerations payable in connection with the acquisitions of subsidiaries and other intangible assets in accordance with IFRS 9.

Loans and borrowings

This category is most relevant to the Group. All loans and borrowing are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial recognition loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

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Pensions

The Group has insured contributory pension plans covering substantially all employees. Pension obligations are funded through annual premiums. The Group also has defined benefit obligations to employees from various subsidiaries. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method.

Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information and in the case of quoted securities it is the published bid price.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Other liabilities

All other liabilities are stated at the amounts at which they were acquired or incurred.

Cash flow statement

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents consist of current accounts with banks and cash in hand. Interest and income tax cash flows are included in the cash flow from operating activities.

Future changes in accounting policies

There are several standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning on or after 1 January 2024 but are not expected to have significant impact on the Group's financial statements:

- Non-current Liabilities with Covenants – *Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1.*
- Lease Liability in a Sale and Leaseback – *Amendments to IFRS 16.*
- Supplier Finance Arrangements – *Amendments to IAS 7 and IFRS 7.*

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3 Revenue and expenses

Revenue

	Sale of Goods		Services		**Total**	
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
	2023	2022	**2023**	2022	**2023**	2022
Primary geographic markets						
Western Europe	115,059	100,826	2,423	457	117,482	101,283
Northern Europe	30,166	35,646	–	42	30,166	35,688
Southern Europe	27,650	20,863	–	50	27,650	20,913
Eastern Europe	25,857	27,385	–	–	25,857	27,385
North America	49,373	50,004	8,841	7,715	58,214	57,719
Asia Pacific	6,215	2,509	557	709	6,772	3,218
Other	799	–	–	–	799	–
	255,119	237,233	11,821	8,973	266,940	246,206
Product types						
Goods	255,119	237,233	–	–	255,119	237,233
Other services	–	–	11,821	8,973	11,821	8,973
	255,119	237,233	11,821	8,973	266,940	246,206
Timing of transfer of goods and services						
Point in time	255,119	237,233	–	–	255,119	237,233
Over time	–	–	11,821	8,973	11,821	8,973
	255,119	237,233	11,821	8,973	266,940	246,206

Timing of transfer of goods and services

Revenue is attributed to the individual segments based upon the invoice address of the respective customer. All revenues from contracts with customers relate to business-to-business transactions.

Contract balances

Timing of transfer of goods and services
Revenue is attributed to the individual segments based upon the invoice address of the respective customer. All revenues from contracts with customers relate to business-to-business transactions.

Contract balances were as follows:

	Contract assets	Contract liabilities
	EUR'000	EUR'000
Balance as at 1 January 2022	2,954	(5,437)
Settlement during the year via trade receivables	(2,613)	5,230
Excess of revenue recognized over cash (or rights to cash) being recognized during the year	1,536	–
Cash received in advance of performance and not recognized as revenue during the year	–	(6,079)
Currency exchange differences	(63)	(278)
Balance as at 31 December 2022	1,814	(6,564)
Balance as at 1 January 2023	1,814	(6,564)
Settlement during the year via trade receivables	(1,800)	5,450
Excess of revenue recognized over cash (or rights to cash) being recognized during the year	3,664	–
Cash received in advance of performance and not recognized as revenue during the year	–	(4,646)
Currency exchange differences	(15)	196
Balance as at 31 December 2023	3,663	(5,564)

Contract assets and liabilities amounts arise because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognized in connection with the contracts.

The contract liabilities include prepayments received from customers, accrued rebates and refund liabilities following from customer's right to return expired products.

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	2023	2022
	EUR'000	EUR'000
Other operating income		
Promotion income	2,265	1,533
Dossier income	43	120
Other	1,923	3,046
	4,231	4,699
Marketing and sales expenses		
Salaries and employee benefits	(17,227)	(16,354)
Other staff expenses	(3,927)	(3,073)
Marketing and promotion costs	(12,014)	(10,939)
Professional services	(4,877)	(3,322)
Dwelling costs	(472)	(165)
Other	(305)	(603)
	(38,822)	(34,456)
Research and development expenses		
Salaries and employee benefits	(9,433)	(8,410)
Other staff expenses	(1,393)	(975)
Professional services	(12,375)	(11,099)
Dwelling costs	(701)	(430)
Other	(655)	(438)
	(24,557)	(21,352)
General and administrative expenses		
Salaries and employee benefits	(20,698)	(18,942)
Other staff expenses	(3,779)	(2,979)
Depreciation, amortization and impairment losses (Note 5)	(23,400)	(881)
Service fee related company	(2,417)	(1,010)
Professional services	(10,171)	(8,161)
Dwelling costs	(4,467)	(4,373)
Insurance costs	(1,553)	(1,359)
Other	(647)	(1,096)
	(67,132)	(38,801)

	2023	2022
	EUR'000	EUR'000
Financial income		
Interest income due from third parties	1,413	772
Foreign currency exchange gains	–	66
Interest income due from discontinued operations (Note 8)	1,838	1,134
Fair value adjustment of contingent consideration through profit or loss (Note 17)	795	–
Other	305	59
	4,351	2,031
Financial expenses		
Interest expenses due to third parties	(1,953)	(1,610)
Interest expenses lease liabilities (Note 18)	(156)	(183)
Interest expenses due to related company	(799)	(365)
Foreign currency exchange losses	(1,928)	–
Fair value loss on equity instruments at fair value through profit or loss (Note 7)	–	(383)
Other	(933)	(761)
	(5,769)	(3,302)
Staff costs and employee information		
Salaries and wages	(57,370)	(52,278)
Social charges	(11,640)	(10,791)
Pension charges	(3,967)	(3,846)
	(72,977)	(66,915)

During the year an amount of €25.6 million (2022: €23.2 million) relating to salaries and employee benefits has been included in cost of revenues.

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The average number of employees of the principal departments was as follows:

	2023	2022
Production	285	290
Marketing and sales	161	141
Research and development	125	121
General and administration	142	126
Quality control and assurance	122	123
	835	801

The average number of employees employed outside the Netherlands amounted to 776 in 2023 (2022: 740).

	2023	2022
	EUR'000	EUR'000
Depreciation, amortization, impairment losses and disposals included in the income statement		
Included in cost of revenues:		
Depreciation	(5,850)	(6,664)
Amortization	(6,043)	(5,594)
Impairment losses	–	(9,084)
Included in general and administrative expenses:		
Depreciation, amortization and impairment losses	(23,400)	(881)
Disposals	(3,132)	(395)
Included in continued operations	(38,425)	(22,618)
Included in discontinued operations	(2,431)	(3,010)
Included in consolidated statement of cash flows	(40,856)	(25,628)

4 Taxation

The charge for taxation includes local and foreign taxation. Major components of the tax expense for the years were:

	2023	2022
	EUR'000	EUR'000
Consolidated income statement		
Current income tax charge	(7,112)	(6,146)
Deferred income tax credit	3,972	1,601
Total income tax charge	(3,140)	(4,545)

Consolidated statement of comprehensive income

	2023	2022
	EUR'000	EUR'000
Income tax directly to comprehensive income	22	(91)
Total income tax credit / (charge)	22	(91)

A reconciliation of the income tax charge applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 31 December was as follows:

	2023	2022
	EUR'000	EUR'000
Result before income taxes	(24,954)	(6,875)
At Dutch statutory income tax rate of 25.8% (2022: 25.8%)	6,438	1,774
Different income tax rates of other countries	(902)	(567)
Non-deductible expenses	(2,059)	(1,032)
Non-capitalized tax losses	(6,462)	(5,557)
Derecognition of previously recognized tax losses	(1,518)	–
Utilization of unrecognized tax losses	948	981
Tax exempt income	384	66
Profit elimination on intercompany sales	–	29
Adjustments in respect of current income tax of previous year	31	(239)
At an effective corporate income tax rate of 12.6% (2022: 66.1%)	(3,140)	(4,545)

The significant decrease in the effective corporate income tax rate is mainly due to the losses in the Dutch fiscal unity for which no deferred tax asset has been recognized and to the impairment of the goodwill of Foster Delivery Sciences Inc., which is non-deductible for tax purposes.

Deferred income tax assets as at 31 December of each year relate to the following:

	2023	2022
	EUR'000	EUR'000
Differences in commercial and fiscal valuation of assets and liabilities	8,407	5,204
Losses available for offsetting against future taxable income	1,529	1,911
Total deferred income tax assets	9,936	7,115

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Deferred income tax liabilities as at 31 December of each year relate to the following:

	2023	2022
	EUR'000	EUR'000
Differences in commercial and fiscal valuation of assets and liabilities	1,614	2,327
Profit allocation Sweden	1,757	2,105
Total deferred income tax liabilities	3,371	4,432

The Swedish profit allocation is related to differences between commercial profit and fiscal profit related to a possibility of allocating a certain part of pre-tax profits into a so-called profit allocation reserve, hence deferring income tax exposure.

The Group has unrecognized carry forward tax losses available related to losses incurred in various countries approximating €118.7 million (2022: €56.4 million). Of these unrecognized tax losses, €42.0 million will expire after 2024 and €76.7 million can be carried forward indefinitely. The Group did not recognize a deferred tax asset in connection with these unrecognized carry forward tax losses due to uncertainty with respect to available taxable profits that are uncertain in the future and the limitations imposed in tax legislation to utilize the tax losses.

The deferred income tax charges for the years relate to the following:

	2023	2022
	EUR'000	EUR'000
Consolidated income statement		
Movement in deferred income tax assets	3,311	1,044
Movement in deferred income tax liabilities	1,387	358
Movement included in discontinued operations	(1,039)	427
Currency exchange differences	313	(228)
Total deferred income tax credit in income statement	3,972	1,601

The movement in deferred income tax assets is mainly due to the increase in differences between commercial and fiscal valuation of intangible assets.

	2023	2022
	EUR'000	EUR'000
Consolidated statement of comprehensive income		
Movement in deferred income tax liabilities	22	(91)
Total deferred tax credit / (charge) in statement of comprehensive income	22	(91)

5 Intangible assets

	Goodwill	Trademarks, Licenses & Registrations	Capitalized development costs	Other	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Acquisition value					
Balance as at 1 January 2022	6,014	66,482	2,953	11,898	87,347
Additions	–	4,348	–	3,976	8,324
Disposals	–	(791)	–	(1,087)	(1,878)
Transfers	–	1,027	–	(398)	629
Currency exchange differences	231	2,511	256	(176)	2,822
Balance as at 31 December 2022	6,245	73,577	3,209	14,213	97,244
Accumulated amortization and impairment losses					
Balance as at 1 January 2022	–	(22,766)	(2,173)	(5,029)	(29,968)
Amortization charge for the year *	–	(4,479)	(346)	(1,087)	(5,912)
Impairment losses	–	(9,023)	–	(61)	(9,084)
Disposals	–	791	–	1,078	1,869
Transfers	–	(46)	–	(407)	(453)
Currency exchange differences	–	(587)	(213)	3	(797)
Balance as at 31 December 2022	–	(36,110)	(2,732)	(5,503)	(44,345)
Carrying value as at 31 December 2022	6,245	37,467	477	8,710	52,899
Acquisition value					
Balance as at 1 January 2023	6,245	73,577	3,209	14,213	97,244
Additions	–	3,422	917	553	4,892
Acquisition of a subsidiary (Note 8)	–	38,098	–	–	38,098
Sale of a subsidiary (Note 8)	–	(135)	(1,720)	–	(1,855)
Business combinations under common control (Note 9)	–	4,179	–	2,821	7,000
Disposals	–	(37,461)	(423)	(5,600)	(43,484)
Transfers	–	6,590	2,340	(8,047)	883
Currency exchange differences	(137)	(1,421)	(407)	189	(1,776)
Balance as at 31 December 2023	6,108	86,849	3,916	4,129	101,002

* Amortization charge includes an amount of €318,000 in connection with discontinued operations (Note 8).

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	Goodwill	Trademarks, Licenses & Registrations	Capitalized development costs	Other	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Accumulated amortization and impairment losses					
Balance as at 1 January 2023	–	(36,110)	(2,732)	(5,503)	(44,345)
Amortization charge for the year *	–	(5,651)	(156)	(190)	(5,997)
Impairment losses	(3,868)	(18,862)	–	–	(22,730)
Sale of a subsidiary (Note 8)	–	51	1,676	–	1,727
Business combinations under common control (Note 9)	–	(866)	–	(2,821)	(3,687)
Disposals	–	37,450	–	2,912	40,362
Transfers	–	(4,574)	(1,019)	5,074	(519)
Currency exchange differences	77	214	450	(40)	701
Balance as at 31 December 2023	(3,791)	(28,348)	(1,781)	(568)	(34,488)
Carrying value as at 31 December 2023	2,317	58,501	2,135	3,561	66,514

* Amortization charge includes an amount of €188,000 in connection with discontinued operations (Note 8).

Trademarks, Licenses & Registrations

Included in the category Trademarks, Licenses & Registrations is a Canadian license and market authorization for the product Mifegymiso with a carrying value of €7.4 million (2022: €9.9 million) and a remaining amortization period of 3 years and the Mifegymiso trademark with a carrying value of €1.1 million (2022: €1.8 million) and a remaining amortization period of 2 years.

This category also contains Abbreviated New Drug Applications (ANDAs) for the US market with a remaining amortization period between 8 and 10 years. The total carrying value of these ANDAs amounts to €5.1 million (2022: €24.4 million). All of the ANDAs are available for use as at 31 December 2023 (2022: €18.3 million in development i.e. not available for use). The decrease in ANDAs during 2023 is the result of impairments for a total amount of €18.9 million (reference is made to paragraph 'Impairment losses Trademarks, Licenses & Registrations' on the next page).

Other

Included in the category 'Other' are the following items:

- The client list as well as a development project related to the Company's subsidiary Foster Delivery Science Inc. with a carrying value of €1.1 million (2022: €1.4 million).
- The development of a software tool (ERP) with a carrying value of €1.8 million (2022: €1.1 million).

Additions
Additions in intangible assets amount to €4.9 million (2022: €8.3 million) and mainly relate to investments in licenses and registrations (€3.4 million), capitalized development costs (€0.9 million) and other intangible assets (€0.6 million).

Acquisition of a subsidiary
On 18 December 2023, the Company's subsidiary Amring Pharmaceuticals Inc. acquired all shares in Visant Medical Inc. ('Visant'), a USA-based ophthalmology company (reference is made to Note 8).

Sale of a subsidiary
On 13 December 2023, the Company divested all its shares in Izvarino Farma AB, resulting in the disposal of intangible assets with a carrying amount of €0.1 million (reference is made to Note 8).

Business combinations under common control
On 1 January 2023, the Company's shareholder Draupnir Holding B.V. contributed its shares in Draupnir Holdings Ltd. to the Company (reference is made to Note 9).

Impairment losses Trademarks, Licenses & Registrations
Impairment losses of €18.9 million (2022: €9.0 million) relate to Nordic Pharma and are recorded mainly in connection with the ANDAs for the US market. In 2023, management decided to terminate the development of two US ANDA projects due to regulatory and quality-related issues at the responsible CMO.

Transfers
The transfer of other intangible assets to Trademarks, Licenses and Registrations is a result of a more precise classification of intangibles within Nordic Pharma.

Impairment testing of goodwill

Goodwill is tested for impairment on each reporting date. In addition, the Group assesses whether there are any indicators for impairment for all non-financial assets at each reporting date. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the asset and its carrying value and recognizes the amount in the income statement.

Goodwill acquired through business combinations has been allocated to the cash-generating units as follows:

	2023	2022
	EUR'000	EUR'000
Nordic Pharma SAS	1,406	1,406
Linepharma International Ltd.	911	911
Foster Delivery Sciences Inc.	–	3,928
	2,317	6,245

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Key assumptions

The calculation of the value in use is most sensitive to the following assumptions: gross margin, discount rate and growth rate.

Discount rates reflect the current market assessment of the risks. The discount rate was estimated based on the average percentage of a weighted average cost of capital for the industry.

Growth rate estimates are based on industry research as well as management plans for further specialization of production units which will include transfer of products and/or production.

Nordic Pharma SAS and Linepharma International Ltd. CGUs

The recoverable amounts of goodwill have been determined based on a value in use calculation using cash-flow projections on the financial budget for next year approved by management and financial projections covering a five-year period. The pre-tax discount rate applied to cash flow projections was 12%. Cash flows beyond the five-year period were extrapolated using a long-term growth rate of 0%. The impairment tests for these CGUs resulted in more than sufficient head room, hence management did not identify an impairment.

Foster Delivery Sciences Inc. CGU

The recoverable amounts of goodwill have been determined based on a value in use calculation using cash-flow projections on the financial budget for next year approved by management and financial projections covering a five-year period. The pre-tax discount rate applied to cash flow projections was 20%. Cash flows beyond the five-year period were extrapolated using a long-term growth rate of 2%. It was concluded that the fair value less cost of disposal did not exceed the value in use. As a result of this analysis, management has recognized an impairment charge of €3.9 million.

Regarding the assessment of the other cash-generating units, management believes that, with respect to the goodwill, no reasonably possible change in any of the above key assumptions would cause the carrying amount to materially exceed its recoverable amount.

6 Property, plant and equipment

	Land & Buildings	Machinery & Equipment	Assets under construction	Other operating assets	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Acquisition value					
Balance as at 1 January 2022	39,554	41,236	4,246	16,556	101,592
Additions	2,367	1,939	3,755	902	8,963
Disposals *	(1,126)	(1,229)	–	(1,112)	(3,467)
Transfer	1,305	(81)	(1,560)	(185)	(521)
Currency exchange differences	(212)	337	(207)	(334)	(416)
Balance as at 31 December 2022	41,888	42,202	6,234	15,827	106,151
Accumulated depreciation and impairment losses					
Balance as at 1 January 2022	(8,476)	(21,876)	–	(12,215)	(42,567)
Depreciation charge for the year **	(2,809)	(3,034)	–	(1,134)	(6,977)
Disposals *	818	672	–	905	2,395
Transfer	–	(7)	–	350	343
Currency exchange differences	397	291	–	404	1,092
Balance as at 31 December 2022	(10,070)	(23,954)	–	(11,690)	(45,714)
Carrying value as at 31 December 2022	31,818	18,248	6,234	4,137	60,437
Acquisition value					
Balance as at 1 January 2023	41,888	42,202	6,234	15,827	106,151
Additions	3	386	12,101	331	12,821
Acquisition of a subsidiary (Note 8)	–	–	–	4	4
Sale of a subsidiary (Note 8)	(8,261)	(11,736)	(2,843)	(1,930)	(24,770)
Disposals	(41)	(3,279)	–	(2,750)	(6,070)
Transfer	2,130	2,210	(4,257)	(139)	(56)
Currency exchange differences	(2,666)	(3,360)	(379)	(614)	(7,019)
Balance as at 31 December 2023	33,053	26,423	10,856	10,729	81,061

* Disposals include an amount of €301,000 in connection with discontinued operations (Note 8).
** Depreciation charge includes an amount of €2,211,000 in connection with discontinued operations (Note 8).

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	Land & Buildings	Machinery & Equipment	Assets under construction	Other operating assets	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Accumulated depreciation and impairment losses					
Balance as at 1 January 2023	(10,070)	(23,954)	–	(11,690)	(45,714)
Depreciation charge for the year *	(872)	(3,866)	–	(1,266)	(6,004)
Sale of a subsidiary (Note 8)	2,365	6,653		1,281	10,299
Disposals	41	3,278	–	2,741	6,060
Transfer	(823)	(129)	–	644	(308)
Currency exchange differences	624	1,602	–	360	2,586
Balance as at 31 December 2023	(8,735)	(16,416)		(7,930)	(33,081)
Carrying value as at 31 December 2023	24,318	10,007	10,856	2,799	47,980

* Depreciation charge includes an amount of €2,103,000 in connection with discontinued operations (Note 8).

Sale of a subsidiary
On 13 December 2023, the Company successfully divested all its shares in Izvarino Farma AB, resulting in the disposal of property, plant and equipment with a carrying value of €14.5 million. Further information can be found in Note 8.

Additions
Additions to assets under construction amount to €12.1 million (2022: €3.8 million) of which €8.5 million relates to investments in SPS (mainly in connection with expansion of high potent compound clean rooms and related equipment) and €3.6 million to investments in Izvarino.

No borrowing costs were capitalized during the year.

Other operating assets comprise office equipment, computer equipment and cars.

The Group has assessed whether there are any indicators for impairment for all non-financial assets at each reporting date. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the asset and its carrying value and recognizes the amount in the income statement.

7 Financial assets

	2023	2022
	EUR'000	EUR'000
Promissory note (Note 8)	1,500	–
Call option (Note 8)	4,000	–
Other	146	80
	5,646	80

On 13 December 2023, the Company sold its shares in Izvarino Farma AB for a consideration of €1.5 million through a 7% promissory note maturing on 1 January 2031.

The sale and purchase agreement provides the Company an option to buy back its shares, which can be exercised at any time between 1 January 2029 and 31 December 2031 at an exercise price of €2.1 million for each full period of 12-months period that the buyers have owned the Izvarino Farma AB shares, representing a minimum of €10.5 million and a maximum amount of €16.9 million.

The call option is measured at fair value through profit and loss. The fair value of the call option has been determined using a Black-Scholes valuation model. In applying this model, the current share price is based on a discounted cash flow calculation using cash flow projections covering a five-year period. The discount rate applied to these cash flow projections was 45%. Cash flows beyond the five-year period were extrapolated using a long-term growth rate of 2%. In case the discount rate would have been 5% higher, the fair value of the call option would have been approximately €400,000 lower.

8 Consolidated group companies

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed below.

Name	Location	Percentage of ownership **2023**	2022
Directly held:			
SPS Swedish Holdco AB	Sweden, Malmö	100%	100%
Izvarino Farma AB	Sweden, Malmö	–	100%
Amring Holding S.A.	Switzerland, St. Prex	100%	100%
Nordic Group B.V.	The Netherlands, Hoofddorp	100%	100%
Esperante Development B.V.	The Netherlands, Baarn	100%	100%
Amring Pharmaceuticals Inc.	U.S.A., Parsippany, NJ	–	100%

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Name	Location	Percentage of ownership **2023**	2022
Indirectly held:			
Nordic Pharma N.V.	Belgium, Antwerp	100%	100%
International Pharmaceutical Services N.V.	Belgium, Antwerp	100%	100%
Linepharma Inc.	Canada, Toronto	100%	100%
Linepharma International Inc.	Canada, Toronto	100%	100%
Nordic Pharma Inc.	Canada, Toronto	100%	100%
Nordic Pharma S.r.o.	Czech Republic, Prague	100%	100%
Nordic Pharma SAS	France, Paris	100%	100%
Exelgyn SAS	France, Paris	100%	100%
Linepharma S.a.r.l.	France, Paris	100%	100%
AGT LLC	Georgia, Tbilisi	100%	100%
Nordic Pharma GmbH	Germany, Ismaning	100%	100%
Altacor GmbH	Germany, Kiel	100%	–
Nordic Pharmaceuticals Ltd.	Hong Kong, Wanchai	100%	100%
Nordic Pharma Ltd.	Ireland, Dublin	100%	100%
Nordic Pharma S.r.l.	Italy, Milan	100%	100%
Linepharma KK	Japan, Tokyo	100%	100%
Farmaprim S.R.L.	Moldova, Chisinau	90%	90%
Nordic Pharma B.V.	The Netherlands, Baarn	100%	100%
Nordic Pharma Spolka Spzoo.	Poland, Warschau	100%	100%
Amring Farma S.r.l.	Romania, Bucharest	100%	100%
Nanopharma Development LLC	Russia, Kazan	–	100%
SEVER LLC	Russia, Kazan	–	100%
Izvarino Pharma LLC	Russia, Moscow	–	100%
Sparv Research LLC	Russia, Moscow	–	100%
Nordic Pharma S.A.	Spain, Madrid	100%	100%
Nordic Drugs AB	Sweden, Malmö	100%	100%
Sever Pharma Solutions AB	Sweden, Malmö	100%	100%
Nordic Pharma GmbH	Switzerland, Zurich	100%	100%
SEVER Life Sciences S.A.	Switzerland, St. Prex	100%	100%
Altacor Ltd.	United Kingdom, Cambridge	100%	–
Linepharma International Ltd.	United Kingdom, London	100%	100%
Draupnir Holdings Ltd.	United Kingdom, Windsor	100%	–
Nordic Pharma Ltd.	United Kingdom, Windsor	100%	100%
Transdermal Ltd.	United Kingdom, Windsor	100%	–
ParaPharm Development Ltd.	United Kingdom, Windsor	100%	–
Foster Delivery Science Inc.	U.S.A., Connecticut	100%	100%
Science Hill Realty LLC	U.S.A., Connecticut	100%	100%
Amring Capital LLC	U.S.A., Delaware	100%	100%
Altacor LLC	U.S.A., Delaware	100%	100%
Linepharma LLC	U.S.A., Delaware	100%	100%

Name	Location	Percentage of ownership 2023	2022
SPS US Holding Inc.	U.S.A., Delaware	100%	100%
SPS US Operations Inc.	U.S.A., Delaware	100%	100%
Visant Medical Inc.	U.S.A., Delaware	100%	–
Amring Pharmaceuticals Inc.	U.S.A., Parsippany, NJ	100%	–

Percentage of voting shares is equal to percentage of ownership.

The following events took place in 2023:

- On 1 January 2023, parent company Draupnir Holding B.V. contributed all its shares in Draupnir Holdings Ltd. to the Company and on 2 January 2023, the Company further contributed these shares to Nordic Group B.V.
- On 1 June 2023, the Company contributed all its shares in Amring Pharmaceuticals Inc. to Nordic Group B.V.
- On 1 September 2023, QPharma AB changed its name to Sever Pharma Solutions AB.
- On 1 October 2023, Disphar International B.V. changed its name to Esperante Development B.V.
- On 13 December 2023, the Company sold all its shares in Izvarino Farma AB.
- On 18 December 2023, the Company acquired all shares in Visant Medical Inc. through its subsidiary Amring Pharmaceuticals Inc.

Acquisition of a subsidiary

On 18 December 2023, the Company's subsidiary Amring Pharmaceuticals Inc. acquired all shares in Visant Medical Inc. ('Visant'), a USA-based ophthalmology company. Visant's key product is Lacrifill, a canalicular occlusive device, which is intended to temporarily block tear drainage by the occlusion of the canalicular system. This acquisition will allow the Group to target the branded ophthalmology market in the USA and create a sustainable platform for future growth.

The acquisition did not contain an organized workforce or a substantive process and therefore is not accounted for as a business combination in accordance with IFRS 3.

The total consideration paid for the Visant shares amounts to USD 41.4 million (€37.4 million) of which USD 14.9 million (€13.4 million) was paid on the closing date and USD 26.5 million (€24.0 million) is payable in 2024 at the earlier of the date of completion of a successful mock FDA audit of the CMO and the first commercial sale of Lacrifill (reference is made to Note 17).

Discontinued operations

Izvarino Farma AB ('Izvarino') is the parent company of the Izvarino Group with operating companies in Moscow and Kazan involved in the development, manufacturing, marketing and distribution of essential medicines to patients in Russia in therapeutic areas like gynaecology, endocrinology, transplantation, oncology, obstetrics, neurology. The Group has explored the possibility of divesting its Russian activities following the events in Ukraine.

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On 13 December 2023, the Company sold its shares in Izvarino for a consideration of €1.5 million through a promissory note. The sale and purchase agreement gives the Company an option to buy back its shares, which can be exercised at any time between 1 January 2029 and 31 December 2031 (reference is made to Note 7). The table below provides details of the income statement for this discontinued operation together with the loss on the sale of the Izvarino shares:

	2023	2022
	EUR'000	EUR'000
Revenue	50,080	56,437
Expenses	(34,847)	(41,212)
Operating income	15,233	15,225
Finance (expenses) / income	(7,200)	591
Result before tax from discontinued operations	8,033	15,816
Tax expense related to pre-tax profit from the ordinary activities	(1,869)	(3,141)
Result after tax from discontinued operations	6,164	12,675
Foreign currency result including recycling from OCI	(6,160)	–
Loss on disposal subsidiary	(53,675)	–
Result for the year from discontinued operations	(53,671)	12,675

The disposal of Izvarino impacted the following classes of assets and liabilities as at 31 December 2023:

	EUR'000
Intangible assets	128
Property, plant and equipment	14,471
Right-of-use assets	607
Deferred tax assets	2,155
Other financial assets	1,458
Inventories	18,301
Trade receivables	19,792
Other receivables and other current assets	3,029
Cash and cash equivalents	5,642
Deferred tax liabilities	(725)
Other provisions	(261)
Lease liabilities	(629)
Trade payables	(1,476)
Other payables and other current liabilities	(3,317)
Net assets directly associated with disposal group	59,175
Promissory note (Note 7)	*(1,500)*
Call option (Note 7)	(4,000)
Loss on disposal subsidiary	53,675

The net cash flows incurred by Izvarino are as follows:

	2023	2022
	EUR'000	EUR'000
Operating	7,839	3,233
Investing	(4,653)	(1,134)
Financing	(22)	(1,841)
Net cash inflow	3,164	258

9 Business combinations under common control

On 1 January 2023, parent company Draupnir Holding B.V. contributed its shares in Draupnir Holdings Ltd. to the Company, for a total consideration of €5.6 million. This transaction has been accounted for as a business combination under common control using the accounting policy as disclosed in Note 2.

The major classes of assets and liabilities of Draupnir Holdings Ltd. as at 1 January 2023 are as follows:

	EUR'000
Intangible assets	3,313
Right-of-use assets	43
Deferred tax assets	615
Inventories	2,314
Trade receivables	3,190
Other receivables and other current assets	1,189
Cash and cash equivalents	2,863
Interest-bearing loans and borrowings	(1,920)
Lease liabilities	(44)
Other financial liabilities	(3,773)
Trade payables	(1,378)
Corporate income tax payables	(47)
Other payables and other current liabilities	(792)
Total net assets transferred	5,573
Share premium contribution in kind (Note 13)	5,573
Total contribution	5,573

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10 Inventories

	2023	2022
	EUR'000	EUR'000
Raw materials and supplies	18,107	26,534
Work in progress	5,254	7,197
Finished goods	42,384	39,898
	65,745	73,629

Costs of inventories recognized in cost of revenues in the income statement during the financial year amount to €90.2 million (2022: €84.4 million).

Raw materials that are expired or that are no longer used in production and finished goods for which no future sales are expected are fully written off at balance sheet date.

Provisions for obsolete stock amount to €6.1 million as at 31 December 2023 (2022: €6.6 million). Inventory write-offs recognized in cost of revenues in the income statement during the financial year amounted to €2.8 million (2022: €2.9 million).

11 Trade receivables

	2023	2022
	EUR'000	EUR'000
Trade receivables	62,478	90,478
	62,478	90,478

As at 31 December of each year the ageing analysis of trade receivables was as follows:

	Total	<30 days	30-60 days	60-90 days	90-120 days	>120 days
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
2023	62,478	23,576	21,816	9,021	2,019	6,046
2022	90,478	37,321	21,797	18,278	8,405	4,677

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Set out below is the movement in the allowance for credit losses of trade receivables for the years:

	2023	2022
	EUR'000	EUR'000
Balance as at 1 January	(2,078)	(1,339)
Charge for the year	(842)	(763)
Release for the year	785	24
Translation difference	159	–
Sale of a subsidiary (Note 8)	620	–
Balance as at 31 December	(1,356)	(2,078)

12 Other receivables and other current assets

	2023	2022
	EUR'000	EUR'000
Prepaid expenses and accrued income	8,092	8,848
Other taxes and social securities	903	1,750
Due from related companies	835	692
Other	1,943	1,795
	11,773	13,085

Other receivables and other current assets are non-interest-bearing and are normally settled on 60-days terms.

13 Equity

Issued capital

The issued share capital as at 31 December 2023 comprised of 500,000 shares (2022: 500,000 shares) of €1.00 (2022: €1.00) each, all of which are fully paid.

Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and is restricted for dividend distribution in accordance with Dutch law.

Share premium contribution in kind

On 1 January 2023, the Company's shareholder Draupnir Holding B.V. contributed its shares in Draupnir Holdings Ltd. to the Company through a share premium contribution for a total amount of €5.6 million.

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On 20 December 2022, the Company's shareholder Draupnir Holding B.V. contributed its receivable on the Company in connection with a Credit Facility Agreement for a total amount of €53.8 million into the Company's share premium to strengthen the Company's equity ratio.

Non-controlling interest

The non-controlling interest relates to 10% of the shares in Farmaprim S.R.L. which are owned by third parties (reference is made to Note 8).

14 Provisions

	2023	2022
	EUR'000	EUR'000
Provision for pensions	1,809	1,397
Provision for others	2,250	7,154
	4,059	8,551
Of which current provisions	(1,070)	(1,683)
Non-current provisions	2,989	6,868

Provision for pensions

The Group participates in local pension plans in countries in which they operate. There are principally two types of pension plans:

- Defined contribution plans, where the Group's only obligation is to pay a pension premium to a fund or insurance company on behalf of the employee. No liability is recorded in the books.
- Defined benefit plans, where the Group's undertaking is to provide pension benefits related to services rendered based on final salary levels. This plan is managed by recording the total accumulated pension obligation as a provision on the statement of financial position with no assigned plan assets. This method is used in Sweden and France. The Swedish obligation is subject to insurance with Försäkringsbolaget Pensionsgaranti (FPG) which is covered by Swedish law on safeguarding of pension commitments.

In the Group, all companies except Nordic Pharma SAS, Nordic Pharma S.r.l. and Sever Pharma Solutions AB have defined contribution plans and therefore no pension provision is included in the statement of financial position. In Sever Pharma Solutions AB and Nordic Pharma SAS the total pension benefits is a combination of defined contribution-type plans and defined benefit-type plans.

For the defined benefit plan of Sever Pharma Solutions AB no trust is established and the full liability is recorded in the statement of financial position with compulsory insurance coverage. The Swedish actuarial determined liability is calculated by a third-party institution, the Pension Registration Institute (PRI), using assumptions defined by the company.

PRI also administrates the pension payments to employees, which are subsequently charged to the company. Nordic Pharma SAS and Nordic Pharma S.r.l. have, in accordance with French and Italian law, accounted for a lump sum to be paid to employees upon retirements.

This is included in the movement schedule stated below:

	2023	2022
	EUR'000	EUR'000
Defined benefit obligation as at 1 January	1,397	1,565
Interest costs	50	17
Current service costs	338	169
Net actuarial gains/(losses) through other comprehensive income	90	(292)
Benefits paid	(58)	(32)
Translation differences	(8)	(30)
Defined benefit obligation as at 31 December	1,809	1,397
Current service costs	(338)	(169)
Interest costs on benefit obligation	(50)	(17)
Net benefit expenses	(388)	(186)
Defined contribution pension expenses	(3,579)	(3,660)
Total pension expenses	(3,967)	(3,846)

Management expects the pension expenses for 2024 to approximate the expenses incurred in 2023.

The principal assumptions used in determining the pension obligations for the Group are shown below.

	2023	2022
Discount rate	3.20/4.20%	3.40/4.00%
Salary increase	0.00/2.50-4.00%	0.00/3.10%
Long-term assumptions of inflation	1.70%	2.10%

Sensitivity to changes in assumptions
With regard to the assumptions used, management believes that no reasonably possible change in any of the above key assumptions would result in a material adjustment of the carrying amount of the pension obligation as at 31 December 2023.

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Provision for others

	2023	2022
	EUR'000	EUR'000
Provision for litigations and commercial risks	1,009	3,840
Employee related provision	347	899
Others	894	2,415
	2,250	7,154
Of which current provisions for others	(1,070)	(1,683)
Non-current provisions for others	1,180	5,471

The provision for litigations and commercial risks relates to cases with former employees of the Company's subsidiaries, disputes with commercial partners and discussions with health authorities.

Employee related provision relates to current employee risks and 'Others' relates to tax risks.

Uncertainties relate to the outcome of negotiations. Because of the nature of the provisions, management has not disclosed further information on the basis that they believe that this would be prejudicial to the Group's position.

Movements in the provision for others for the years was as follows:

	2023	2022
	EUR'000	EUR'000
Balance as at 1 January	7,154	6,127
Utilization	(1,545)	(273)
Additions	650	2,521
Release	(3,715)	(1,221)
Sale of a subsidiary (Note 8)	(261)	–
Translation difference	(33)	–
Balance as at 31 December	2,250	7,154

15 Interest-bearing loans and borrowings

	2023	2022
	EUR'000	EUR'000
Loans due to Nordea Bank		
• Refinanced during 2023 (2022: SEK 20,269,375 at a variable interest rate, averaging 2.46% for 2022, due in quarterly instalments of SEK 500,000 ending in 2034)	–	1,821
• Refinanced during 2023 (2022: SEK 37,687,500 at a variable interest rate, averaging 2.46% for 2022, due in quarterly instalments of SEK 562,500 ending in 2040)	–	3,385
• SEK 54,269,375 at a variable interest rate, averaging 5.29% for 2023, ending on 31 December 2024	4,889	–
Loans due to Moldova Agroindbank		
• €4,971,513 (2022: €6,161,500) at a fixed interest rate of 5.25%, 6.0% and 7.09%, due in instalments ending between 2024 and 2027	4,972	6,162
• USD 262,115 (2022: USD 398,750) at a fixed interest rate of 6.50%, due in instalments ending on 31 December 2024	236	374
Loan due to Temporell Invest Ltd.		
• Repaid during 2023 (2022: €333,000 at a fixed interest rate of 2.45%, immediate due)	–	333
Loan due to Izvarino Farma AB		
• €470,000 at a variable interest rate, averaging 7.32% for 2023, ending on 31 December 2026	470	–
Loans due to Draupnir Holding B.V.		
• €1,000,000 at a variable interest rate, averaging 4.75% for 2023, ending on 31 December 2028	1,000	–
• €35,800,000 at a variable interest rate, averaging 4.79% for 2023, ending on 31 December 2028	35,800	–
	47,367	12,075
Of which current interest-bearing loans and borrowings	(6,077)	(4,005)
Non-current interest-bearing loans and borrowings	41,290	8,070

The loans due to Draupnir Holding B.V. are provided under a Credit Facility Agreement with a maximum of respectively €3.0 million and €60.0 million at a twelve-month Euribor plus a margin of respectively 1.00% and 1.50%.

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The Company's subsidiary Farmaprim S.R.L. has met its bank covenants related to the loans due to Moldova Agroindbank with a carrying value of €5.2 million (2022: €6.5 million). The current liquidity ratio of Farmaprim S.R.L. as at 31 December 2023 is 1,3 (2022: 1,69), with a minimum requirement of 1,3. In addition, the debt service coverage ratio of Farmaprim S.R.L. as at 31 December 2023 was 1,8 (2022: 1,12) with a minimum requirement of 1,8 and the leverage as at 31 December 2023 was 2,1 (2022: 2,48) with a required maximum of 2,3.

The Company's subsidiary Farmaprim S.R.L pledged land, buildings, equipment and inventory to Moldova Agroindbank (reference is made to Note 21).

The Company's subsidiary Sever Pharma Solutions AB pledged its land and buildings (reference is made to Note 21).

16 Short-term borrowings from banks

The Group is granted overdraft facilities for a total amount of €6.6 million (2022: €16.0 million) of which €3.5 million was drawn as at 31 December 2023 (2022: €2.7 million).

The available overdraft facilities relate to a €2.7 million / SEK 30.0 million (2022: €2.7 million / SEK 30.0 million) facility from Nordea Bank, €2.5 million (2022: €2.5 million) facility from Credit du Nord and €1.4 million (2022: €1.4 million) facility from Moldova Agroindbank. The credit facility with JP Morgan of USD 10.0 million was terminated by the end of 2023.

On 30 June 2022, the entire multi-option credit facility with a maximum of €35.0 from Danske Bank expired. The Negative Pledge Declarations, signed by the Company and its subsidiaries to Dankse Bank in connection with this multi-option credit facility, also expired per that date (reference is made to Note 21).

17 Other financial liabilities

	2023	2022
	EUR'000	EUR'000
Contingent consideration relation to the acquisition of:		
• Foster Delivery Science Inc.	5,190	6,248
• Linepharma International Inc.	–	373
• Linepharma International Ltd.	–	3,000
Deferred consideration Visant Medical Inc.	23,978	–
Contingent consideration related to intangible assets	2,016	–
Other	41	76
	31,225	9,697
Of which current other financial liabilities	(27,357)	(6,242)
Non-current other financial liabilities	3,868	3,455

Contingent consideration related to acquisition of Foster Delivery Science Inc.
The total maximum purchase consideration to be paid in connection with the acquisition of Foster Delivery Science Inc. on 5 November 2021, amounts to USD 16.0 million (€14.5 million) of which USD 9.5 million (€8.3 million) relates to fixed consideration and USD 6.5 (€5.8 million) million relates to contingent consideration based upon performance and consists of two milestone payments. As at 31 December 2023, the milestones were re-assessed resulting in a fair value adjustment of €0.8 million (Note 3) and concluding at a value of €5.2 million as at 31 December 2023.

Contingent consideration related to acquisition of Celopharma Inc. (currently named Linepharma International Inc.)
On 1 February 2019, the Group acquired all shares in Celopharma Inc. which is the sole Canadian distribution licence holder and distributor of Mifegymiso, the two-drug combination of mifepristone and misoprostol used for the early termination of pregnancies. In 2023, the remaining contingent consideration of €0.4 million was fully paid.

Contingent consideration related to acquisition of Linepharma International Ltd.
This contingent consideration relates to a €3.0 million milestone payment which would fall due in case a Japanese market authorization for Mefeego was obtained. Linepharma received this marketing authorization at the end of April 2023 resulting in the full payment of this consideration.

Deferred consideration Visant Medical Inc.
On 18 December 2023, the Company's subsidiary Amring Pharmaceuticals Inc. acquired all shares in Visant Medical Inc. ('Visant'), a USA-based ophthalmology company. The acquisition did not contain an organized workforce or a substantive process and therefore had not been accounted for as a business combination in accordance with IFRS 3.

The total cash consideration amounts to USD 41.4 million (€37.4 million) of which USD 14.9 million (€13.4 million) was paid on the closing date and USD 26.5 million (€24.0 million) relates to a deferred payment which is payable in 2024 at the earlier of the date of completion of a successful mock FDA audit of the CMO and the first commercial sale of Lacrifill.

Contingent consideration related to intangible assets
On 1 January 2023, the Company's shareholder Draupnir Holding B.V. contributed its shares in Draupnir Holdings Ltd. to the Company.

Part of the acquisition balance involves a contingent liability for an amount of €3.8 million in connection with an Asset Purchase Agreement due to Ferring International Center S.A. (reference is made to Note 9)

The total consideration payable to Ferring International Center S.A. was €4.1 million and consists of a fixed consideration of €0.3 million and a variable consideration of €3.8 million. The variable part of the consideration is based on an agreed fixed percentage over net sales realized in the years 2022 to 2028. Based upon an eight-year forecast, management estimated a total payable in connection with the variable consideration discounted at 3% of €3.8 million.

The fair value of the contingent consideration amounts to €2.0 million as per 31 December 2023.

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18 Leases

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the years:

	Land & Buildings	Other operating assets	**Total**
	EUR'000	EUR'000	EUR'000
Balance as at 1 January 2022	6,156	5,315	11,471
Additions	383	700	1,083
Disposals	–	(18)	(18)
Depreciation charge for the year *	(1,574)	(1,385)	(2,959)
Currency exchange differences	108	(299)	(191)
Balance as at 31 December 2022	5,073	4,313	9,386
Balance as at 1 January 2023	5,073	4,313	9,386
Additions	1,277	2,397	3,674
Sale of a subsidiary (Note 8)	(607)	–	(607)
Business combinations under common control (Note 9)	43	–	43
Remeasurements	160	(74)	86
Transfer	(4)	4	–
Depreciation charge for the year *	(1,591)	(1,402)	(2,993)
Currency exchange differences	(251)	8	(243)
Balance as at 31 December 2023	4,100	5,246	9,346

* Depreciation charge includes an amount of respectively €180,000 and €140,000 in 2022 and 2023 in connection with discontinued operations (Note 8).

The leases for land and buildings mainly relate to fixed lease payments. For some properties, annual payments may increase each year based on the CPI inflation rate.

Renewal and extension options are considered in determining the total lease liability as at balance sheet date, to the extent that it is considered more likely than not that the Group will make use of such option and that moving to a different location will not result in significant cost or effort. The other operating assets mainly comprise lease cars, which all relate to fixed lease payments.

Set out below are the carrying amounts of the lease liabilities and the movements during the years:

	2023	2022
	EUR'000	EUR'000
Balance as at 1 January	9,466	11,696
Additions	3,674	1,083
Sale of a subsidiary (Note 8)	(629)	–
Business combinations under common control (Note 9)	44	–
Disposals	–	(18)
Remeasurements	86	–
Accretion of interest *	169	209
Payments	(3,376)	(3,325)
Currency exchange differences	(222)	(179)
Balance as at 31 December	9,212	9,466
Of which current lease liabilities	(2,781)	(2,612)
Non-current lease liabilities	6,431	6,854

* Accretion of interest includes an amount of respectively €13,000 and €26,000 in 2023 and 2022 in connection with discontinued operations (Note 8).

The following amounts are recognized in the income statement:

	2023	2022
	EUR'000	EUR'000
Depreciation expenses of right-of-use assets	2,993	2,959
Interest expenses on lease liabilities	169	209
Expenses related to short-term leases (included in G&A expenses)	2	45
Total amount recognized in the income statement	3,164	3,213

During 2023, the Group had cash outflows for a total amount of €3.4 million (2022: €3.4 million) in connection with leases.

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19 Trade and other payables

	2023	2022
	EUR'000	EUR'000
Trade payables	22,649	24,770
	22,649	24,770
Accrued bonusses	5,609	3,905
Accrued holiday expenses	2,675	3,315
Other accrued expenses	18,401	13,783
Taxes and social securities	5,660	5,961
Due to related companies	1,206	688
Due to parent company	1,066	550
Other current liabilities	4,229	4,092
	38,846	32,294

20 Contingent liabilities and commitments

Due to the implementation of IFRS 16 – *Leases* as of 1 January 2019, all leases have been recognized on balance as right-of-use assets and lease liabilities, except from leases of low-value assets and short-term leases. As at 31 December 2023, the Group is not committed to a portfolio of short-term leases (reference is made to Note 18).

21 Guarantees

On 30 June 2022, the entire multi-option credit facility with a maximum of €35.0 million from Danske Bank expired. The Negative Pledge Declarations, signed by the Company and its subsidiaries to Dankse Bank in connection with this multi-option credit facility, also expired per that date (reference is made to Note 16).

The Company issued a guarantee to Nordea Bank in connection with the loan to a maximum of SEK 150 million (€13.5 million) from its subsidiary Sever Pharma Solutions AB (reference is made to Note 15).

The Company's subsidiary Sever Pharma Solutions AB pledged its land and buildings (reference is made to Note 15).

The Company's subsidiary Farmaprim S.R.L pledged land, buildings, equipment and inventory to Moldova Agroindbank (reference is made to Note 15).

22 Related party disclosures

The following transactions have been entered into with related parties:

		Income from related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
		EUR'000	EUR'000	EUR'000	EUR'000
Entity with control over the Group:					
Draupnir Holding B.V.	2023	–	(1,972)	–	(37,866)
	2022	–	(1,219)	–	(550)
Other related entities:					
Trizell Group	2023	–	(18)	30	(12)
	2022	–	(40)	–	(13)
Esperante Ltd.	2023	–	(1,424)	–	(686)
	2022	–	(156)	–	(71)
Ferring Group	2023	4,223	(1,959)	466	(2,649)
	2022	8,845	(2,354)	691	(604)
Temporell Invest Ltd.	2023	–	(7)	–	–
	2022	–	(9)	–	(333)
Altacor Ltd.	2023	–	–	–	–
	2022	–	(325)	–	–
PolyPeptide Group	2023	6	–	–	–
	2022	6	–	–	–
Marussia Beverages Russia LLC	2023	5	–	–	–
	2022	–	–	–	–
Draupnir Ventures B.V.	2023	3,026	–	862	–
	2022	–	–	–	–

Purchases from and amounts due to Draupnir Holding B.V. relate to service fees, recharged costs and interest on loans.

Purchases from and amounts due to Trizell Ltd., Esperante Ltd. and Altacor Ltd. relate to recharged costs.

Purchases from and amounts due to the Ferring Group relate to purchases of goods, royalties payable, tech transfer of products and the completion of a sterile filling project. Income from and amounts due from Ferring Group relate to sale of goods and trade receivables.

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Purchases from and amounts due to Temporell Invest Ltd. relate to an interest-bearing loan (reference is made to Note 15).
Income from and amounts due from Draupnir Ventures B.V. relate to recharged research and development expenses.

Except for the non-controlling interest in Farmaprim S.R.L, all related parties are related through the Esperante Investments Group ownership structure or based on managerial control.

Transactions with key management personnel

Compensation of key management personnel of the Group:

	2023	2022
	EUR'000	EUR'000
Salaries and short-term employee benefits	4,377	2,372
Post-employment pension benefit	348	213
Total compensation paid to key management personnel	4,725	2,585

The Group reassessed its key management personnel during the year to better reflect the reality of the organisation. The amounts disclosed in the table are the amounts recognised as an expense during the years.

23 Notes supporting statement of cash flows

	Non-current interest-bearing loans and borrowings	Current interest-bearing loans and borrowings	Short-term borrowings banks	Lease liabilities	Other financial liabilities
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 January 2022	5,675	11,194	35,259	11,696	14,068
Cash flows	56,062	(7,505)	(32,376)	(3,325)	(5,084)
Non-cash flows:					
- Additions	–	–	–	1,083	–
- Accrued interest	–	–	–	209	127
- Share premium contribution in kind (Note 13)	(53,450)	–	–	–	–
- Disposals	–	–	–	(18)	–
- Transfer	251	(251)	–	–	–
- Currency exchange differences	(468)	567	(142)	(179)	586
Balance as at 31 December 2022	8,070	4,005	2,741	9,466	9,697

	Non-current interest-bearing loans and borrowings	Current interest-bearing loans and borrowings	Short-term borrowings banks	Lease liabilities	Other financial liabilities
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 January 2023	8,070	4,005	2,741	9,466	9,697
Cash flows	34,971	(1,646)	803	(3,376)	(5,500)
Non-cash flows:					
- Additions	–	–	–	3,674	–
- Accrued interest	–	–	–	169	159
- Fair value adjustment of contingent consideration through profit or loss	–	–	–	–	(795)
- Acquisition of a subsidiary (Note 8)	–	–	–	–	23,978
- Sale of a subsidiary (Note 8)	–	–	–	(629)	–
- Business combinations under common control (Note 9)	1,920	–	–	44	3,773
- Refinancing loans	(4,695)	4,695			
- Remeasurements	–	–	–	86	–
- Transfer	1,302	(1,302)	–	–	–
- Currency exchange differences	(278)	325	(63)	(222)	(87)
Balance as at 31 December 2023	41,290	6,077	3,481	9,212	31,225

24 Financial risk management objectives and policies

The Group's principal financial instruments comprise long and short-term bank loans, loan from the parent company and cash. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group has various other financial instruments such as trade debtors and trade creditors, other financial assets and liabilities and other assets which arise directly from its operations. It is the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and foreign currency risk. The sensitivity analyses in the following sections relate to the position as at the year ended 31 December 2023 and 2022.

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The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to float interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant. The analyses exclude the impact of movements in market variables on the carrying values of pensions and other post-retirement obligations, provisions and on the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

- Interest rate risk:
  The sensitivity of the profit before tax is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held as at 31 December 2023 and 2022.

- Foreign currency risk:
  The sensitivity of the profit before tax is the effect of the assumed changes in currency rates on the net result of third-party financial instruments in a foreign currency other than the functional currency of the respective subsidiaries.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate cash flow risk, as interest-bearing loans and borrowings have been granted at fixed and variable interest rates. Revision of the fixed interest rate is possible at renewal of the liability.

The Group decides whether to enter into fixed or variable interest contract based on the most favourable conditions at the time of entering in the contract. The Group does not enter in derivatives to hedge interest rate risks.
The tables hereunder demonstrate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ decrease in basis points	Effect on profit before tax
		EUR'000
As at 31 December 2023		
	+15	(63)
	+20	(84)
	(10)	42
	(15)	63
As at 31 December 2022		
	+15	(10)
	+20	(14)
	(10)	7
	(15)	10

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Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group has transactional currency exposures, such exposures arise from sales or purchases. As the volume of transactions in other currencies than the currency of the operating subsidiaries is relatively low compared to the total volume, the foreign currency risk exposure is considered low.

The Group has limited currency exposure to financial instruments as most third-party interest-bearing loans and borrowings are due in the functional currency of the respective subsidiary that has closed the interest-bearing loans and borrowing.

The trade debtors, trade creditors and other financial liabilities are primarily stated in the functional currency of the operations. The Group does not enter into derivative transactions.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the Swedish Krona, US Dollar and the Russian Ruble exchange rate, with all other variables held constant. The impact on the Group's profit before tax and the effect on the Group's pre-tax equity is due to changes in the value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is considered not material.

	Effect on profit before tax		Effect on equity	
	2023	2022	**2023**	2022
	EUR'000	EUR'000	EUR'000	EUR'000
Change in SEK rate				
4%	(19)	54	–	–
(4%)	19	(54)	–	–
Change in USD rate				
4%	(788)	(225)	–	–
(4%)	788	225	–	–
Change in RUB rate				
4%	–	636	–	–
(4%)	–	(636)	–	–

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Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group has no significant credit risks, other than those which have already been allowed for, nor any concentrations of credit with a single customer or in an industry or geographical region, which carries an unusually high credit risk.

Credit risks relating to the trade receivables and cash balances are monitored regularly. Clients are assessed according to Group criteria prior to entering into agreements. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned in Note 11 and Note 12.

Liquidity risk

The Group monitors its risk to a shortage of funds using a cash flow forecast model. This model considers the maturity of both its non-current and current assets (trade receivables and other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility using bank overdrafts, bank loans and funding from and to other entities within the Group.

The following tables summarize the maturity profile of the Group's financial liabilities at 31 December of each year based on contractual undiscounted payments:

	Less than 1 year	1 – 5 years	More than 5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000
As at 31 December 2023				
Interest-bearing loans and borrowings	(6,462)	(50,104)	–	(56,566)
Lease liabilities	(2,896)	(6,078)	(784)	(9,758)
Short-term borrowings from banks	(3,481)	–	–	(3,481)
Other financial liabilities	(27,515)	(4,152)	–	(31,667)
Trade payables	(22,649)	–	–	(22,649)
Other payables	(38,846)	–	–	(38,846)
	(101,849)	(60,334)	(784)	(162,967)

	Less than 1 year	1 – 5 years	More than 5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000
As at 31 December 2022				
Interest-bearing loans and borrowings	(2,500)	(7,779)	(3,742)	(14,021)
Lease liabilities	(2,794)	(6,156)	(981)	(9,931)
Short-term borrowings from banks	(2,741)	–	–	(2,741)
Other financial liabilities	(6,242)	(3,650)	–	(9,892)
Trade payables	(24,770)	–	–	(24,770)
Other payables	(38,070)	(788)	–	(38,858)
	(77,117)	(18,373)	(4,723)	(100,213)

Capital management

The primary objective of the Group's capital management is to maintain sound capital ratios to support its business and maximize shareholder value. The Group manages its capital structure and adjusts it, considering changes in economic conditions.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2023. The Group monitors capital using shareholder equity ratio, being total shareholder equity divided by total equity and liabilities, based on the consolidated financial statements. The Group has no formally approved ratio range but considers a ratio above 25% as being a healthy ratio.

The table below shows the development in the shareholder equity ratio for the year ended 31 December:

	2023	2022
	EUR'000	EUR'000
Total shareholder equity	144,510	226,105
Total equity and liabilities	314,547	341,051
Shareholder equity ratio	46%	66%

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25 Financial instruments

The Group's financial instruments can be specified per category as follows:

	Fair value through profit or loss	At amortized cost	Total carrying value
	EUR'000	EUR'000	EUR'000
As at 31 December 2023			
Financial assets			
Non-current financial assets (7)	4,000	1,646	5,646
Trade receivables (11)	–	62,478	62,478
Contract assets (3)	–	3,663	3,663
Other receivables and other current assets (12)	–	11,773	11,773
Cash and cash equivalents	–	27,249	27,249
	4,000	106,809	110,809
Financial liabilities			
Interest-bearing loans and borrowings (15)	–	47,367	47,367
Short-term borrowings from banks (16)	–	3,481	3,481
Other financial liabilities (17)	7,247	23,978	31,225
Lease liabilities (18)	–	9,212	9,212
Trade payables (19)	–	22,649	22,649
Contract liabilities (3)		5,564	5,564
Other payables and other current liabilities (19)	–	38,846	38,846
	7,247	151,097	158,344
As at 31 December 2022			
Financial assets			
Non-current financial assets (7)	80	–	80
Trade receivables (11)	–	90,478	90,478
Contract assets (3)	–	1,814	1,814
Other receivables and other current assets (12)	–	13,085	13,085
Cash and cash equivalents	–	27,989	27,989
	80	133,366	133,446

	Fair value through profit or loss	At amortized cost	Total carrying value
	EUR'000	EUR'000	EUR'000
Financial liabilities			
Interest-bearing loans and borrowings (15)	–	12,075	12,075
Short-term borrowings from banks (16)	–	2,741	2,741
Other financial liabilities (17)	6,248	3,449	9,697
Lease liabilities (18)	–	9,466	9,466
Trade payables (19)	–	24,770	24,770
Contract liabilities (3)	–	6,564	6,564
Other payables and other current liabilities (19)	–	32,294	32,294
	6,248	91,359	97,607

Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

	Carrying Value	Fair Value
	EUR'000	EUR'000
As at 31 December 2023		
Financial assets		
Non-current financial assets	5,646	5,646
Financial liabilities		
Interest-bearing loans and borrowings	(47,367)	(47,540)
Other financial liabilities	(31,225)	(31,225)
As at 31 December 2022		
Financial assets		
Non-current financial assets	80	80
Financial liabilities		
Interest-bearing loans and borrowings	(12,075)	(12,148)
Other financial liabilities	(9,697)	(9,697)

Management assessed that the fair value of cash and short-term deposits, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. Credit risk for financial assets is deemed insignificant.

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Fair value hierarchy

Quantitative disclosures of the Group's financial instruments in the fair value measurement hierarchy (described in Note 2) are as follows:

	Level 1	Level 2	Level 3
	EUR'000	EUR'000	EUR'000
As at 31 December 2023			
Financial assets			
Other financial assets	–	–	5,646
Financial liabilities			
Interest-bearing loans and borrowings	–	(47,540)	–
Other financial liabilities	–	(28,601)	(2,624)
As at 31 December 2022			
Financial assets			
Other financial assets	–	–	80
Financial liabilities			
Interest-bearing loans and borrowings	–	(12,148)	–
Other financial liabilities	–	(9,324)	(373)

The fair value of the other financial assets is determined by reference to published price quotations in an active market. Fair values of the interest-bearing loans and borrowings are determined by using the discounted cash flow method using a discount rate that reflects the issuer's borrowing rate including an appropriate credit spread to represent the credit risk. The fair value of the other financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

26 Subsequent events

There have been no significant events subsequent to the financial year 2023, which would require additional disclosure in the financial statements.

COMPANY INCOME STATEMENT
for the year ended 31 December 2023

	2023		2022	
	EUR'000	EUR'000	EUR'000	EUR'000
Net result from company activities		(1,673)		1,494
Net result from investments in subsidiaries (3)		(80,196)		(259)
Result for the year		(81,869)		1,235

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COMPANY STATEMENT OF FINANCIAL POSITION
31 December 2023
(before appropriation of net profit)

A s s e t s

	2023		2022	
	EUR'000	EUR'000	EUR'000	EUR'000
Non-current assets				
Property, plant and equipment	28		40	
Investments in subsidiaries (3)	139,271		179,075	
Loans to subsidiaries (4)	33,215		42,834	
Right-of-use assets	156		63	
Deferred income tax assets	–		1,518	
Other financial assets (5)	5,667		–	
Total non-current assets		178,337		223,530
Current assets				
Receivables due from group companies (11)	812		4,173	
Corporate income tax receivable	2,170		2,125	
Other receivables and other current assets	178		4	
Cash and cash equivalents	1,736		2,411	
Total current assets		4,896		8,713
Total assets		183,233		232,243

Equity and liabilities

	2023		2022	
	EUR'000	EUR'000	EUR'000	EUR'000
Shareholder's equity (6)				
Issued capital	500		500	
Share premium	183,898		178,325	
Translation reserve	(2,160)		3,159	
Retained earnings	44,377		43,210	
Result for the year	(81,869)		1,235	
Total equity		144,746		226,429
Non-current liabilities				
Interest-bearing loans and borrowings (7)	35,800		3,281	
Lease liabilities	171		193	
Total non-current liabilities		35,971		3,474
Current liabilities				
Trade payables	207		173	
Payables due to related companies (11)	750		858	
Payables due to parent company (11)	1,029		550	
Lease liabilities	147		109	
Other payables and other current liabilities	383		650	
Total current liabilities		2,516		2,340
Total liabilities		38,487		5,814
Total shareholder's equity and liabilities		183,233		232,243

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NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 General

SEVER Life Sciences B.V. ('the Company'), a Dutch limited liability company having its statutory seat in Hoofddorp, is the parent company of the SEVER Group ('the Group') of companies. The registered office of the Company is located at Siriusdreef 41, Hoofddorp, The Netherlands. The Company is registered at the Dutch Trade Register under number 74996207.

The Company is the holding company of four specialised distinct but interconnected business units which have unique combinations of pharmaceutical products, services and technologies. These business units are Nordic Pharma, Sever Pharma Solutions, Esperante Development and Farmaprim and their mandate and purpose will be explained later.

The Group is engaged in the development, production and sale of pharmaceutical products and services and has subsidiaries in the USA, Canada, Sweden, The Netherlands, Belgium, United Kingdom, Ireland, France, Germany, Switzerland, Italy, Spain, Czech Republic, Romania, Moldova, Georgia, Poland, Japan and Hong Kong and branch offices in Denmark, Finland, Norway, Portugal and the former CIS countries.

The Company is a 100% subsidiary of Draupnir Holding B.V., a company registered in Hoofddorp, The Netherlands. The Company's ultimate controlling parent entity is Cryosphere Foundation, registered on Guernsey.

As at 31 December 2023, the Company's Board of Directors ('the Board') consisted of Mr. J.D. Hobbs, Mr. H. Schram and Mr. E.H.M. Schropp. At the moment the Company's entire Board consists of men and there are no vacancies. However, in the event a board seat becomes available, a person contributing to a more balanced gender ratio of the Board will be considered. The Company's Senior Management team consists of three males and two females, from the Netherlands, Belgium, Ireland, France and the UK

2 Summary of significant accounting policies

General

Article 362 paragraph 8 of Book 2 of the Netherlands Civil Code allows companies that apply IFRS as adopted by the EU in their consolidated financial statements to use the same principles in the Company financial statements. Company financial statements that are based on this provision qualify as financial statements under Dutch Law.

The accounting policies are the same as those described in Notes to Consolidated Financial Statements. Investments in subsidiary companies are stated at the Company's share in their net asset value. Since the Company's income statement is included in the consolidated financial statements, an abridged income statement has been disclosed to the company financial statements in accordance with Section 402, Book 2 of the Dutch Civil Code.

The financial statements have been prepared on a historical cost basis. All amounts are stated in thousands of Euros, unless otherwise indicated.

3 Investment in subsidiaries

Details of investments in subsidiaries as at 31 December are as follows:

Name	Location	Percentage of ownership **2023**	2022
Directly held:			
SPS Swedish Holdco AB	Sweden, Malmö	100%	100%
Izvarino Farma AB	Sweden, Malmö	–	100%
Amring Holding S.A.	Switzerland, St. Prex	100%	100%
Nordic Group B.V.	The Netherlands, Hoofddorp	100%	100%
Esperante Development B.V.	The Netherlands, Baarn	100%	100%
Amring Pharmaceuticals Inc.	U.S.A., Parsippany, NJ	–	100%
Indirectly held:			
Nordic Pharma N.V.	Belgium, Antwerp	100%	100%
International Pharmaceutical Services N.V.	Belgium, Antwerp	100%	100%
Linepharma Inc.	Canada, Toronto	100%	100%
Linepharma International Inc.	Canada, Toronto	100%	100%
Nordic Pharma Inc.	Canada, Toronto	100%	100%
Nordic Pharma S.r.o.	Czech Republic, Prague	100%	100%
Nordic Pharma SAS	France, Paris	100%	100%
Exelgyn SAS	France, Paris	100%	100%
Linepharma S.a.r.l.	France, Paris	100%	100%
AGT LLC	Georgia, Tbilisi	100%	100%
Nordic Pharma GmbH	Germany, Ismaning	100%	100%
Altacor GmbH	Germany, Kiel	100%	–
Nordic Pharmaceuticals Ltd.	Hong Kong, Wanchai	100%	100%
Nordic Pharma Ltd.	Ireland, Dublin	100%	100%
Nordic Pharma S.r.l.	Italy, Milan	100%	100%
Linepharma KK	Japan, Tokyo	100%	100%
Farmaprim S.R.L.	Moldova, Chisinau	90%	90%
Nordic Pharma B.V.	The Netherlands, Baarn	100%	100%
Nordic Pharma Spolka Spzoo.	Poland, Warschau	100%	100%
Amring Farma S.r.l.	Romania, Bucharest	100%	100%
Nanopharma Development LLC	Russia, Kazan	–	100%
SEVER LLC	Russia, Kazan	–	100%
Izvarino Pharma LLC	Russia, Moscow	–	100%
Sparv Research LLC	Russia, Moscow	–	100%
Nordic Pharma S.A.	Spain, Madrid	100%	100%
Nordic Drugs AB	Sweden, Malmö	100%	100%

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Name	Location	Percentage of ownership **2023**	2022
Sever Pharma Solutions AB	Sweden, Malmö	100%	100%
Nordic Pharma GmbH	Switzerland, Zurich	100%	100%
SEVER Life Sciences S.A.	Switzerland, St. Prex	100%	100%
Altacor Ltd.	United Kingdom, Cambridge	100%	–
Linepharma International Ltd.	United Kingdom, London	100%	100%
Draupnir Holdings Ltd.	United Kingdom, Windsor	100%	–
Nordic Pharma Ltd.	United Kingdom, Windsor	100%	100%
Transdermal Ltd.	United Kingdom, Windsor	100%	–
ParaPharm Development Ltd.	United Kingdom, Windsor	100%	–
Foster Delivery Science Inc.	U.S.A., Connecticut	100%	100%
Science Hill Realty LLC	U.S.A., Connecticut	100%	100%
Amring Capital LLC	U.S.A., Delaware	100%	100%
Altacor LLC	U.S.A., Delaware	100%	100%
Linepharma LLC	U.S.A., Delaware	100%	100%
SPS US Holding Inc.	U.S.A., Delaware	100%	100%
SPS US Operations Inc.	U.S.A., Delaware	100%	100%
Visant Medical Inc.	U.S.A., Delaware	100%	–
Amring Pharmaceuticals Inc.	U.S.A., Parsippany, NJ	100%	–

Percentage of voting shares is equal to percentage of ownership.

The following events took place in 2023:

- On 1 January 2023, parent company Draupnir Holding B.V. contributed all its shares in Draupnir Holdings Ltd. into the Company and on 2 January 2023, the Company further contributed these shares into Nordic Group B.V.
- On 1 June 2023, the Company contributed all its shares in Amring Pharmaceuticals Inc. into Nordic Group B.V.
- On 1 September 2023, QPharma AB changed its name to Sever Pharma Solutions AB.
- On 1 October 2023, Disphar International B.V. changed its name to Esperante Development B.V.
- On 13 December 2023, the Company sold all its shares in Izvarino Farma AB.
- On 18 December 2023, the Company acquired all shares in Visant Medical Inc. through its subsidiary Amring Pharmaceuticals Inc.

Changes in investment in subsidiaries are as follows:

	EUR'000
Balance as at 1 January 2022	149,714
Contribution of loans and unpaid accrued interest (Note 4)	26,019
Net result from investments in subsidiaries	(259)
Re-measurement gains (losses) on defined benefit plans	201
Currency exchange differences	3,400
Balance as at 31 December 2022	179,075
Balance as at 1 January 2023	179,075
Share premium contribution in kind (Note 6)	5,573
Contribution of loans and unpaid accrued interest (Note 4)	45,706
Sale of a subsidiary	(5,500)
Net result from investments in subsidiaries	(80,196)
Re-measurement gains (losses) on defined benefit plans	(68)
Currency exchange differences	(5,319)
Balance as at 31 December 2023	139,271

On 1 January 2023, parent company Draupnir Holding B.V. contributed its shares in Draupnir Holdings Ltd. to the Company through a share premium contribution in kind, for a total consideration of €5.6 million (reference is made to Note 9 of the consolidated financial statements).

On 30 November 2023, the Company contributed the outstanding loan, unpaid interest and invoices to its subsidiary Izvarino Farma AB for a total amount of €29.4 million.

On 1 December 2023, the Company contributed the outstanding loan and unpaid interest to its subsidiary Sever Pharma Solutions AB tot a total amount of SEK 185.6 million (€16.3 million).

On 13 December 2023, the Company sold all its shares in Izvarino Farma AB for a total consideration of €1.5 million through a promissory note. The sale and purchase agreement gives the Company an option to buy back its shares, which is measured at fair value through profit and loss, concluded at a valuation of €4.0 million as per 31 December 2023 (reference is made to Note 5). The net asset value of Izvarino Farma AB at the time of the sale amounted to €59.2 million, resulting in a loss on sale of €53.7 million (reference is made to Note 8 of the consolidated financial statements).

On 30 November 2022, the Company contributed its loan and interest balance to its subsidiary Sever Pharma Solutions AB for a value of SEK 89.2 million (€8.1 million).

On 15 December 2022, the Company contributed all its shares in Sever Pharma Solutions AB to SPS Swedish Holdco AB. Part of the contribution is the capitalized loan by the Company, which makes the net contribution value SEK 195.1 million (€17.9 million).

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4 Loans to subsidiaries

	2023	2022
	EUR'000	EUR'000
Loan due from subsidiaries	33,215	42,834
	33,215	42,834

Changes in loans to subsidiaries for the years are as follows:

	EUR'000
Balance as at 1 January 2022	35,721
Additions	33,565
Contributions in kind (Note 3)	(25,861)
Repayments	(500)
Currency exchange differences	(91)
Balance as at 31 December 2022	42,834
Balance as at 1 January 2023	42,834
Additions	31,931
Contributions in kind (Note 3)	(41,550)
Balance as at 31 December 2023	33,215

5 Other financial assets

	2023	2022
	EUR'000	EUR'000
Promissory note	1,500	–
Call option	4,000	–
Lease receivable group company (Note 11)	167	–
	5,667	–

On 13 December 2023, the Company sold its shares in Izvarino Farma AB for a consideration of €1.5 million through a 7% promissory note maturing on 1 January 2031.

The sale and purchase agreement provides the Company an option to buy back its shares, which can be exercised at any time between 1 January 2029 and 31 December 2031 at an exercise price of €2.1 million for each full period of 12-months period that the buyers have owned the Izvarino Farma AB shares, representing a minimum of €10.5 million and a maximum amount of €16.9 million.

The call option is measured at fair value through profit and loss. The fair value of the call option has been determined using a Black-Scholes valuation model. In applying this model, the current

share price is based on a discounted cash flow calculation using cash flow projections covering a five-year period. The discount rate applied to these cash flow projections was 45%. Cash flows beyond the five-year period were extrapolated using a long-term growth rate of 2%. In case the discount rate would have been 5% higher, the fair value of the call option would have been approximately €400,000 lower.

6 Shareholder's equity

	Issued capital	Share premium	Translation reserve	Retained earnings	Result for the year	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance at 1 January 2022	500	124,510	(241)	23,439	19,570	167,778
Result for the year	–	–	–	–	1,235	1,235
Re-measurement gains (losses) on defined benefit plans	–	–	–	201	–	201
Currency translation adjustment	–	–	3,400	–	–	3,400
Total comprehensive income	–	–	3,400	201	1,235	4,836
Share premium contribution in kind	–	53,815	–	–	–	53,815
Appropriation profit previous year	–	–	–	19,570	(19,570)	–
Balance at 31 December 2022	500	178,325	3,159	43,210	1,235	226,429
Balance at 1 January 2023	500	178,325	3,159	43,210	1,235	226,429
Result for the year	–	–	–	–	(81,869)	(81,869)
Re-measurement gains (losses) on defined benefit plans	–	–	–	(68)	–	(68)
Currency translation adjustment	–	–	(5,319)	–	–	(5,319)
Total comprehensive income	–	–	(5,319)	(68)	(81,869)	(87,256)
Share premium contribution in kind	–	5,573	–	–	–	5,573
Appropriation profit previous year	–	–	–	1,235	(1,235)	–
Balance at 31 December 2023	500	183,898	(2,160)	44,377	(81,869)	144,746

The issued share capital as at 31 December 2023 comprised of 500,000 shares (2022: 500,000) of €1.00 (2022: €1.00) each, all of which are fully paid.

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The translation reserve is restricted for dividend distribution in accordance with Dutch law.

On 1 January 2023, the Company's shareholder Draupnir Holding B.V. contributed its shares in Draupnir Holdings Ltd. to the Company through a share premium contribution in kind, for a total consideration of €5.6 million.

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On 20 December 2022, Draupnir Holding B.V. made a share premium contribution in kind to the Company for a total amount of €53.8 million consisting of a receivable in connection with a Credit Facility Agreement.

7 Interest-bearing loans and borrowings

	2023	2022
	EUR'000	EUR'000
Loan due to subsidiaries	–	3,281
Loan due to parent company	35,800	–
	35,800	3,281

Changes in interest-bearing loans and borrowings are as follows:

	EUR'000
Balance as at 1 January 2022	10,233
Proceeds	3,328
Repayments	(10,117)
Currency exchange differences	(163)
Balance as at 31 December 2022	3,281
Balance as at 1 January 2023	3,281
Proceeds	35,800
Repayments	(3,230)
Currency exchange differences	(51)
Balance as at 31 December 2023	35,800

The loan due to Amring Pharmaceuticals Inc. is fully repaid during 2023.

The loan due to parent company Draupnir Holding B.V. is provided under a Credit Facility Agreement with a maximum of €60.0 million at a twelve-month Euribor plus a margin of 1.50%. As at 31 December 2023, an amount of €35.8 million is drawn from this facility.

8 Contingent liabilities and commitments

The Company has no contingent liabilities and/or commitments as at 31 December 2023 (2022: none).

9 Employee information

The Company had no employees during 2023 (2022: 2).

10 Guarantees

The Company issued a guarantee to Nordea Bank in connection with the loan to a maximum of SEK 150 million (€13.5 million) from its subsidiary Sever Pharma Solutions AB.

In accordance with the provisions of Article 403, Book 2 of the Netherlands Civil Code, the Company has accepted joint and several liabilities in respect of all its Dutch subsidiaries.

11 Related party disclosure

The transactions on hereunder have been entered into with related parties:

		Income from related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
		EUR'000	EUR'000	EUR'000	EUR'000
Entity with control over the Company:					
Draupnir Holding B.V.	2023	–	(1,829)	–	(36,829)
	2022	–	(1,219)	–	(550)
Other related entities:					
Nordic Group B.V.	2023	2,937	–	30,011	–
	2022	2,136	(81)	18,238	(805)
Sever Pharma Solutions AB	2023	582	–	–	–
	2022	434	–	136	–
Amring Pharmaceuticals Inc.	2023	–	(510)	–	–
	2022	307	(6)	307	(3,287)
Esperante Development B.V.	2023	229	(80)	22	(132)
	2022	243	–	31	(805)

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		Income from related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
		EUR'000	EUR'000	EUR'000	EUR'000
Izvarino Farma AB	2023	1,838	–	–	–
	2022	1,134	–	27,471	–
SPS Swedish Holdco AB	2023	–	–	–	–
	2022	142	–	–	–
Nordic Pharma B.V.	2023	63	–	309	–
	2022	–	–	365	–
Farmaprim S.R.L.	2023	129	–	308	–
	2022	180	–	460	–
Esperante Ltd.	2023	–	(1,344)	–	(606)
	2022	–	(156)	–	(71)
Trizell Ltd.	2023	18	–	30	(12)
	2022	–	(30)	–	(13)
Amring Holding SA	2023	114	–	3,514	–
	2022	47	–	–	–
Ferring Group	2023	99	(53)	–	(124)
	2022	–	–	–	(99)

Purchases from and amounts due to Draupnir Holding B.V. relate to service fees, recharged costs and interest on loan payable.

Income from and amounts due from Nordic Group B.V. relate to service fees and recharge of product liability insurance fees.

Income from and amounts due from Sever Pharma Solutions AB relate to service fees and recharge of product liability insurance fees.

Income from and amounts due from Amring Pharmaceuticals Inc. relate to service fees. Purchases from and amounts due to Amring Pharmaceuticals Inc. relate to interest and a loan (Note 7).

Income from and amounts due from Esperante Development B.V. relate to service, product liability insurance fees and corporate income due to the fiscal unity. Purchases from and amounts due to Esperante Development B.V. relate to recharged costs.

Income from and amounts due from Izvarino Farma AB relate to a loan receivable and the related interest (Note 4).

Income from SPS Swedish Holdco AB relate to interest on a loan receivable (Note 4).

Income from and amounts due from Nordic Pharma B.V. relate to recharged costs and corporate income due to the fiscal unity.

Income from and amounts due from Farmaprim S.R.L. relate to interest on loans.

Purchases from and amounts due to Esperante Ltd. relate to recharged costs.

Purchases from and amounts due to Trizell Ltd. relate to recharged costs.

Income from and amounts due from Amring Holding SA relates to product liability insurance fees and interest on loans.

Purchases from and amounts due to the Ferring Group relate to a rental agreement.

All outstanding balances with related parties as at 31 December 2023 are due on demand and bear no interest. No agreements have been made on repayments, and no securities are given.

All disclosed related parties are (indirect) subsidiaries of the Company or are related through the Esperante Investments Group ownership structure.

Remuneration of the Board of Directors

The Company was not charged for any remuneration of its Managing Directors during the year 2023 (2022: not charged). The total remuneration of its Managing Directors paid by subsidiaries amounts to €45,000 (2022: €45,000).

12 Audit fees

The fees charged by audit organizations and auditors as defined in Article 382a, Part 9 of the Netherlands Civil Code, Book 2, can be specified as follows:

	BDO Audit & Assurance B.V.	Other BDO companies	**Total**
	EUR'000	EUR'000	EUR'000
2023			
Audit of financial statements	266	133	399
Non-audit services	65	–	65
Total	331	133	464
2022			
Audit of financial statements	253	125	378
Total	253	125	378

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13 Proposed appropriation of net result

During the year the Company recorded a net loss of €81,869,000. The Managing Directors propose to deduct this net loss from the retained earnings.

14 Subsequent events

There have been no significant events subsequent to the financial year 2023, which would require additional disclosure in the financial statements.

* * * * *

Hoofddorp, 4 April 2024

Managing Directors

J.D. Hobbs
(Chairman)

H. Schram

E.H.M. Schropp

OTHER INFORMATION

Statutory rules concerning appropriation of net result

According to article 21 of the Company's articles of association, the general meeting of shareholders determines the appropriation of the Company's net result for the year.

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Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	4/17/2024 9:08:40 AM
Certified Delivered	Security Checked	4/17/2024 3:36:59 PM
Signing Complete	Security Checked	4/17/2024 3:49:55 PM
Completed	Security Checked	4/17/2024 3:49:55 PM

Payment Events	Status	Timestamps

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Electronic Record and Signature Disclosure created on: 9/27/2021 6:08:51 PM
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Independent auditor's report

To: the shareholder of SEVER Life Sciences B.V.

A. Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of SEVER Life Sciences B.V. based in Hoofddorp. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of SEVER Life Sciences B.V. as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of SEVER Life Sciences B.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2023.
2. The following statements for 2023: the consolidated income statement, the consolidated statements of other comprehensive income, changes in equity and cash flows.
3. The notes comprising material accounting policy information.

The company financial statements comprise:

1. The company balance sheet as at 31 December 2023.
2. The company profit and loss account for 2023.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of SEVER Life Sciences B.V. in accordance with the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach going concern

As explained in the section 'Going concern' in Note 2 of the financial statements, the Management Board has carried out a going concern assessment and identified no going concern risks. Our procedures to evaluate the going concern assessment of the Managing Board included, among others, the following:

- Considered whether the Management Board's going concern assessment contains all relevant information that we have knowledge of, as a result of our audit and inquired the board on key assumptions and estimates.
- Evaluated the budgeted operating results and related cash flows for the period of twelve months from the date of preparation of the financial statements taking into account developments in the industry, other external factors and our knowledge from the audit.
- Analyzed whether the current and necessary financing to be able to continue all the business activities is secured.
- Obtained information from the board about its knowledge of going concern risks beyond the period of the going concern assessment carried out by the board.

Our audit procedures did not reveal any information that conflicts with the Management Board's assumptions and the going concern assumption used.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Management Board exercises oversight, as well as the outcomes. We refer to section 'Fraud and irregularities' of the Managing Directors' report for management's fraud risk assessment. We note that management has not formalized a specific risk assessment for fraud.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

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We identified the following fraud risks and performed the following specific procedures:

RISK OF MANAGEMENT OVERRIDE OF CONTROLS	AUDIT PROCEDURES AND OBSERVATIONS
Management is in a unique position to perpetrate fraud because management is able to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Therefore, in accordance with our professional standards, in all our audits we pay attention to the risk of management override of controls at: ▶ Journal entries and other adjustments made throughout the year and during the course of preparing the financial statements. ▶ Estimates and estimation processes. ▶ Significant transactions outside the ordinary course of business. ▶ Judgements of management. In this context, we paid particular attention to a possible misstatement in the valuation of intangible fixed assets that are still in development or not yet available for use at reporting date, or for which impairment triggers are identified (Note 5), and the valuation of other financial assets (note 7).	In response to the assessed fraud risk, our audit procedures included, amongst others, the following: ▶ Where relevant for the audit, we evaluated the design and implementation of internal control measures in the processes for preparation of the financial statements, generating and processing journal entries and making estimates, assuming a risk of management override of controls of that process. ▶ Where relevant for the audit, we evaluated the design and implementation of internal control measures in the valuation of intangible fixed assets that are still in development or not yet available for use at reporting date. ▶ We have selected journal entries based on risk criteria, such as, journal entries in revenue recognition and manual journal entries, and performed substantive audit procedures on these. ▶ We examined judgements from management relating to the loss of control Izvarino Farma AB and the accounting treatment of the acquisition of Visant Medical Inc. ▶ We examined significant management estimates, including the valuation of the intangible fixed assets that are still in development or not yet available for use at reporting date, and the valuation of other financial assets. Our audit procedures did not reveal any specific indications of fraud or suspicions of fraud in respect of management override of controls, potentially resulting in material misstatements.

RISK OF FRAUDULENT REVENUE RECOGNITION	AUDIT PROCEDURES AND OBSERVATIONS
We identified a fraud risk in revenue recognition. This relates to the presumed management incentive that exists to overstate revenue. The group's main key performance indicator is revenue. The company is performance driven and aims for a continuous organic growth of its operations. As can be read from the Managing Director's report, management aims to achieve a significant growth of revenues in the coming years. In order to meet this target, management is rather expected to overstate its revenues than understate its revenues. The majority of the Group's revenue relates to the sale of goods, which is recorded at the time that control over the goods transfers to the customer. For the majority of sales transactions this is when the products are leaving the Group's warehouse. As such, there is limited risk of management manipulation. Rather, the risk of fraud in revenue recognition is focused on the occurrence of inappropriate manual transactions.	In response to the assessed fraud risk, our audit procedures included, amongst others, the following: ▶ Where relevant for the audit, evaluating the design and implementation of the internal control measures relating to the recognition of revenues. ▶ Assessing the proof in total on the movement of goods (inventory at the start of the year; adding goods purchased during the year; less inventory at year-end should equal sales during the year). ▶ Performing detailed substantive testing of revenue by vouching a sample of sales invoices to supporting shipping documents and authorized sales orders. ▶ Performing specific manual journal entry testing procedures on revenue accounts, including assessment of credits on accounts receivables other than cash receipts. ▶ Obtaining and evaluating credit notes issued during the year, and subsequent to year-end, and performing cut-off testing to ensure revenue transactions have been recorded in the correct reporting period. ▶ Verifying the existence of outstanding accounts receivable positions as at year-end with customer confirmations and by subsequent cash collection tests, as well as existence testing by reconciling outstanding sales invoices to supporting shipping documents. ▶ Performing stock count procedures and obtaining stock confirmations from external warehouses to confirm the existence of inventories at year-end. ▶ Assessing the adequacy of the disclosures in the financial statements relating to revenues (Note 3). Our audit procedures did not reveal any specific indications of fraud or suspicions of fraud in respect of revenue recognition, potentially resulting in material misstatements.

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RISK OF FRAUD IN REVENUES WITH CROSS-TO-NET ADJUSTMENTS	AUDIT PROCEDURES AND OBSERVATIONS
In the United States, one group company sells its products to customers under a variety of commercial and government mandated contracts that include various rebates, chargebacks and right of return for certain pharmaceutical products. Revenue recognition reflects the accrual for these returns, chargebacks and rebates, which are netted against the gross revenue, resulting in the net revenues as presented in the financial statements. These accruals are known as the gross-to-net adjustments ("GTN adjustments"). There is significant management estimation in determining the accruals in the United States. Assumptions used to estimate the rebates are monitored and adjusted regularly in light of contractual and legal obligations, historical trends, past experience and projected market conditions.	In response to the assessed fraud risk, our audit procedures included, amongst others, the following: ▶ Where relevant for the audit, evaluating the design and implementation of the internal control measures regarding the "GTN adjustments". ▶ Performing detailed sampling procedures on chargebacks in which we agreed the wholesale acquisition price invoiced and the chargeback credited with the underlying customer contract. ▶ Performing back testing procedures on the chargeback accrual recorded as at 31 December 2022 based on the actual chargebacks in 2023. ▶ Assessing management's calculation of the chargeback provision based on the audit of historical data. ▶ Assessing management's calculation of the chargeback provision by agreeing the number of units to be included in the chargeback provision with external confirmations from customers' third party warehouses. ▶ Verifying that all sales transactions eligible for returns have been included in the returns provisions. ▶ Challenging the reasonableness of the return percentages for each individual product based on historical data. ▶ Performing back testing procedures on the return provision recorded as at 31 December 2022 based on the actual returns in 2023. ▶ Assessing management's calculation of the rebate accrual based on the audit of historical data and the audited Unit Rebate Amount. ▶ Performing a search for unrecorded liabilities with specific attention to rebates invoiced by customers after reporting date. Our audit procedures did not reveal any specific indications of fraud or suspicions of fraud in respect of revenue recognition relating to "GTN adjustments", potentially resulting in material misstatements.

RISK ON UNAUTHORIZED PAYMENTS	AUDIT PROCEDURES AND OBSERVATIONS
In two group companies we identified deficiencies in internal controls over changes in master vendor data, as well as insufficient segregation of duties in bank applications. We therefore identified a risk on the processing of unauthorized payments, to which we paid significant attention in the audit.	As a result of the deficiencies identified we could not rely on internal controls for the two respective group companies. We have reported our findings to the Management Board in writing. In response to the assessed fraud risk, our audit procedures included, amongst others, the following: ▶ Performing data analytical procedures on the purchases of goods to verify that these have been properly executed and recorded under segregation of duties. ▶ Performing a proof in total on the purchases of goods during the year to agree the total amount of goods received with the total amount of invoices of purchased goods. ▶ Performing specific manual journal entry testing procedures, such as manual postings on accounts relating to inventory, cost of sales and revenues. ▶ Obtaining stock confirmations from external warehouses to confirm the existence of inventories at year-end. ▶ Obtaining a file with a download of all bank transactions. We analyzed this file, amongst others, for the following: o Creditors with multiple IBAN numbers. o IBAN numbers with multiple creditors. o Payments without IBAN number. o Payments on weekend days. o Payments with round amounts. o Double payments. Our audit procedures did not reveal any specific indications of fraud or suspicions of fraud in respect of risk of unauthorized transactions or unauthorized withdrawal of funds.

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We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made enquiries of relevant executives, directors including regional directors.

Our audit procedures did not lead to indications or suspicions for fraud potentially resulting in material misstatements.

C. Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The Managing Director's report.
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

D. Description of responsibilities regarding the financial statements

Responsibilities of management and the for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

Amstelveen, 4 April 2024

For and on behalf of BDO Audit & Assurance B.V.,

Jeroen Frans van Erve
2024.04.04 09:24:08 +02'00'

drs. J.F. van Erve RA
