20220720340046

ÅRSREDOVISNING

för

Izvarino Farma AB

Org.nr. 556687-3591

Styrelsen och verkställande direktören får härmed avlämna årsredovisning för räkenskapsåret 2021-01-01 - 2021-12-31

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Undertecknad styrelseledamot i Izvarino Farma AB intygar härmed, dels att denna kopia av årsredovisningen och revisionsberättelsen överensstämmer med originalet, dels att resultat- och balansräkning fastställts på årsstämma den 2022-07-08

Stämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Malmö 2022-07-08.

Kristian Lundius

20220720340047

ÅRSREDOVISNING

för

Izvarino Farma AB

Org.nr. 556687-3591

Styrelsen och verkställande direktören får härmed avlämna årsredovisning för räkenskapsåret 2021-01-01 - 2021-12-31

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FÖRVALTNINGSBERÄTTELSE

Årsredovisningen är upprättad i EUR.

Verksamheten

Bolaget arbetar genom dotterbolag med utveckling och tillverkning av farmaceutiska produkter.

Bolagets dotterbolag Izvarino Pharma LLC, med säte i Moskva, bedriver produktion, marknadsföring och försäljning av farmaceutiska produkter. Dotterbolaget påbörjade produktion av ett antal egna läkemedel i slutet av 2010, vilka befinner sig på olika utvecklingsstadier. Förutom utveckling av egna produkter har dotterbolaget även sålt importerade läkemedel samt bedrivit forskning och utvecklingsarbete inom läkemedelsområdet åt företag inom koncernen.

Företaget har sitt säte i Malmö.

20220720340048

Flerårsjämförelse*

Beloppen i Flerårsjämförelse visas i KEUR

	2021	2020	2019	2018	2017
Nettoomsättning	0	0	0	0	0
Res. efter finansiella poster	-1 065	-3 123	9 087	-2 348	-1 612
Balansomslutning	32 882	32 911	32 303	25 469	25 946
Soliditet (%)	24	28	38	11	18

*Definitioner av nyckeltal, se noter

Ägarförhållanden

Bolaget är dotterbolag till SEVER Life Sciences B.V., org nr 74996207, med säte i Hoofddorp, Holland.

Avtal om överlåtelse har skett av samtliga andelar i Izvarino Farma AB under 2021 med ekonomisk effekt från 1 januari 2021 från Haydn Holding AB. Bolagets moderbolag var efter överlåtelsen Draupnir Holding B.V., org nr 34199037, med säte i Hoofddorp, Nederländerna. Samtliga andelar i Izvarino Farma AB har därefter med ekonomisk effekt från 1 januari 2021 lämnats som tillskott till SEVER Life Sciences B.V.

Väsentliga händelser efter räkenskapsårets slut

Genom sina ryska dotterbolag är koncernen involverad i utveckling, produktion och leverans av viktiga läkemedel till patienter i Ryssland.

Medan läkemedel i allmänhet är undantagna från de internationella sanktioner som tillämpas mot Ryssland, har de restriktiva åtgärder som införts efter den 24 februari 2022 resulterat i svårigheter att anskaffa råvaror och komponenter, rubelkursfrågor samt finansierings- och kassaflödesrestriktioner.

Mot bakgrund av ovanstående utveckling har koncernledningen beslutat att med omedelbar verkan frysa nya kapitalinvesteringar, avbryta alla större marknadsföringsinvesteringar och skjuta upp initieringen av nya kliniska prövningar i Ryssland.

Ovannämnda situation kommer ha en potentiell påverkan på koncernens resultat under räkenskapsåret 2022 och kommer påverka koncernens egna kapital negativt.

Koncernen kommer att fortsätta att noggrant följa utvecklingen av situationen och utreder för närvarande framtiden för koncernens intresse i Ryssland.

Izvarino Farma AB

Org.nr. 556687-3591

Förändringar i eget kapital

	Aktiekapital	Övrigt bundet eget kapital	Övrigt fritt eget kapital	Årets resultat	Summa fritt eget kapital
Belopp vid årets ingång	26 711	0	12 169 189	-3 123 315	9 045 874
Resultatdisp. enl. beslut av årsstämma:			-3 123 315	3 123 315	0
Årets resultat				-1 065 252	-1 065 252
Belopp vid årets utgång	26 711	0	9 045 874	-1 065 252	7 980 622

	2021-12-31	2020-12-31
Villkorade aktieägartillskott uppgår till:	9 300 000	9 300 000

Resultatdisposition

Förslag till disposition av bolagets resultat

Till årsstämmans förfogande står	
balanserad resultat	9 045 874
årets resultat	-1 065 252
	7 980 622
Styrelsen föreslår att	
i ny räkning överföres	7 980 622
	7 980 622

Beträffande bolagets resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkningar med tillhörande noter.

Izvarino Farma AB

Org.nr. 556687-3591

RESULTATRÄKNING

	Not	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Rörelsens intäkter m.m.			
Rörelsens kostnader			
Övriga externa kostnader		-273 140	-284 478
		-273 140	-284 478
Rörelseresultat		-273 140	-284 478
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter	2	283 331	292 479
Förändring av nedskrivningar av finansiella anläggningstillgångar och kortfristiga placeringar		0	-3 013 087
Räntekostnader och liknande resultatposter	3	-1 075 443	-118 229
		-792 112	-2 838 837
Resultat efter finansiella poster		-1 065 252	-3 123 315
Årets resultat		**-1 065 252**	**-3 123 315**

Izvarino Farma AB
Org.nr. 556687-3591

BALANSRÄKNING

	Not	2021-12-31	2020-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Koncessioner, patent, licenser, varumärken samt liknande rättigheter	4	50 000	50 000
		50 000	50 000
Finansiella anläggningstillgångar			
Andelar i koncernföretag	5	15 908 777	15 908 777
Fordringar hos koncernföretag	6	15 519 919	16 451 762
Andra långfristiga fordringar	7	320 000	0
		31 748 696	32 360 539
Summa anläggningstillgångar		31 798 696	32 410 539
Omsättningstillgångar			
Kortfristiga fordringar			
Förutbetalda kostnader och upplupna intäkter		316	0
		316	0
Kassa och bank			
Kassa och bank		1 083 412	500 420
Summa kassa och bank		1 083 412	500 420
Summa omsättningstillgångar		1 083 728	500 420
SUMMA TILLGÅNGAR		**32 882 424**	**32 910 959**

Izvarino Farma AB
Org.nr. 556687-3591

BALANSRÄKNING

	Not	2021-12-31	2020-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital		26 711	26 711
		26 711	26 711
Fritt eget kapital			
Fri överkursfond		8 583 002	8 583 002
Balanserat resultat		462 872	3 586 187
Årets resultat		-1 065 252	-3 123 315
		7 980 622	9 045 874
Summa eget kapital		8 007 333	9 072 585
Långfristiga skulder	8		
Skulder till koncernföretag		23 569 276	23 569 216
Summa långfristiga skulder		23 569 276	23 569 216
Kortfristiga skulder			
Skulder till koncernföretag		1 292 088	263 814
Aktuell skatteskuld		0	78
Övriga skulder		64	64
Upplupna kostnader och förutbetalda intäkter		13 663	5 202
Summa kortfristiga skulder		1 305 815	269 158
SUMMA EGET KAPITAL OCH SKULDER		**32 882 424**	**32 910 959**

20220720340 53

NOTER

Not 1 Redovisnings- och värderingsprinciper

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning.

Principerna är oförändrade jämfört med föregående år.

Fordringar
Fordringar har upptagits till de belopp varmed de beräknas inflyta.

Övriga tillgångar, avsättningar och skulder
Övriga tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges nedan.

Immateriella anläggningstillgångar
Immateriella anläggningstillgångar redovisas till anskaffningsvärde med avdrag för ackumulerade avskrivningar och eventuella nedskrivningar. Tillgångarna skrivs av linjärt över tillgångarnas bedömda nyttjandeperiod. Nyttjandeperioden omprövas per varje balansdag. Pågående projekt skrivs inte av utan nedskrivningsprövas årligen. Följande nyttjandeperioder tillämpas:

	Antal år
Övriga immateriella anläggningstillgångar	5

Finansiella instrument
Finansiella instrument värderas utifrån anskaffningsvärde.

Nedskrivningsbehov av finansiella tillgångar prövas årligen och nedskrivning sker i de fall det är påkallat. Återföring av nedskrivning sker om det inte längre föreligger något behov.

Inkomstskatt
Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats.
Aktuell skatt värderas till det sannolika beloppet enligt de skattesatser och skatteregler som gäller på balansdagen.

Bolaget redovisar för det aktuella räkenskapsåret inga uppskjutna skatter, då det inte bedömts mera sannolikt än inte att balanserade skattemässiga underskott kan nyttjas mot framtida vinster inom en nära överblickbar framtid.

Fordringar och skulder i utländsk valuta
Monetära fordringar och skulder i utländsk valuta har räknats om 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.

NOTER

20220720340S4

UPPLYSNINGAR TILL ENSKILDA POSTER

Not 2 Övriga ränteintäkter och liknande resultatposter

	2021	2020
Ränteintäkter från koncernföretag	283 331	292 470
Övriga poster	0	9
	283 331	292 479

Not 3 Räntekostnader och liknande resultatposter

	2021	2020
Räntekostnader till koncernföretag	1 075 348	118 229
Övriga räntekostnader	95	0
	1 075 443	118 229

Not 4 Koncessioner, patent, licenser, varumärken m.m.

	2021-12-31	2020-12-31
Ingående anskaffningsvärde	50 000	50 000
Utgående ackumulerade anskaffningsvärden	50 000	50 000
Utgående redovisat värde	50 000	50 000

Not 5 Andelar i koncernföretag

	2021-12-31	2020-12-31
Ingående anskaffningsvärde	27 464 004	27 464 004
Utgående ackumulerade anskaffningsvärden	27 464 004	27 464 004
Ingående nedskrivningar	-11 555 227	-8 542 140
Årets nedskrivningar	0	-3 013 087
Utgående ackumulerade nedskrivningar	-11 555 227	-11 555 227
Utgående redovisat värde	15 908 777	15 908 777

Not 6 Fordringar hos koncernföretag

	2021-12-31	2020-12-31
Ingående anskaffningsvärde	16 451 762	12 459 292
Tillkommande	283 015	5 292 470
Avgående	-1 214 858	-1 300 000
Utgående ackumulerade anskaffningsvärden	15 519 919	16 451 762
Utgående redovisat värde	15 519 919	16 451 762

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NOTER

Not 7	**Andra långfristiga fordringar**	**2021-12-31**	**2020-12-31**
	Ingående anskaffningsvärde	0	0
	Tillkommande	320 000	0
	Amorteringar	0	0
	Utgående ackumulerade anskaffningsvärden	320 000	0
	Utgående redovisat värde	320 000	0

Not 8	**Långfristiga skulder**	**2021-12-31**	**2020-12-31**
	Amortering inom 2 till 5 år	23 569 276	23 569 216
		23 569 276	23 569 216

Not 9 Väsentliga händelser efter räkenskapsårets slut

Genom sina ryska dotterbolag är koncernen involverad i utveckling, produktion och leverans av viktiga läkemedel till patienter i Ryssland.

Medan läkemedel i allmänhet är undantagna från de internationella sanktioner som tillämpas mot Ryssland, har de restriktiva åtgärder som införts efter den 24 februari 2022 resulterat i svårigheter att anskaffa råvaror och komponenter, rubelkursfrågor samt finansierings- och kassaflödesrestriktioner.

Mot bakgrund av ovanstående utveckling har koncernledningen beslutat att med omedelbar verkan frysa nya kapitalinvesteringar, avbryta alla större marknadsföringsinvesteringar och skjuta upp initieringen av nya kliniska prövningar i Ryssland.

Ovannämnda situation kan ha en potentiell påverkan på bolagets resultat under räkenskapsåret 2022 och kan påverka bolagets egna kapital negativt.

Koncernen kommer att fortsätta att noggrant följa utvecklingen av situationen och utreder för närvarande framtiden för koncernens intresse i Ryssland.

Det har inte inträffat några andra väsentliga händelser efter räkenskapsåret 2021, som skulle kräva ytterligare upplysningar.

NOTER

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Not 10 Koncernförhållanden

Bolaget är helägt dotterbolag till SEVER Life Sciences B.V., org nr 74996207, med säte i Hoofddorp, Holland.
Bolaget är moderbolag, men med stöd av ÅRL 7 kap 2 § upprättas inte någon koncernredovisning.
Minsta koncernredovisning upprättas av: SEVER Life Sciences B.V., org.nr 74996207, med säte i Hoofddorp, Holland.

Not 11 Definition av nyckeltal

Soliditet
Justerat eget kapital i procent av balansomslutning

Izvarino Farma AB
Org.nr. 556687-3591

NOTER

Malmö 2022- 06 - 16

20220720340S7

Jan Froborg

Kristian Lundius

Christiaan Thomas
Verkställande direktör

Vår revisionsberättelse har lämnats den

BDO Syd Kommanditbolag

Christofer Hultén
Auktoriserad revisor

20220720340S8

Izvarino Farma AB
Org.nr. 556687-3591

NOTER

Malmö 2022-07-06

Jan Froborg

Kristian Lundius

Christiaan Thomas
Verkställande direktör

Vår revisionsberättelse har lämnats den 8/7 - 2022

BDO Syd Kommanditbolag

Christofer Hultén
Auktoriserad revisor

20220720340 59

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 2021.

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 2021 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.

Övriga upplysningar

Revisionen av årsredovisningen för år 2020 har utförts av en annan revisor som lämnat en revisionsberättelse daterad 26 november 2021 med omodifierade uttalanden i Rapport om årsredovisningen.

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 styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

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.

20220720340 60

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 2021 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.

Anmärkning

Årsredovisningen har inte upprättats i sådan tid att det varit möjligt att, enligt 7 kap. 10 § aktiebolagslagen, hålla årsstämma inom sex månader efter räkenskapsårets utgång.

Malmö den 8/7 - 2022.

BDO Syd KB

Christofer Hultén
Auktoriserad revisor

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SEVER LIFE SCIENCES B.V.
HOOFDDORP, THE NETHERLANDS

Annual Report 2021

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

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 Foundation Mamont, a foundation registered on Guernsey.

During 2021, Mr. M. Pettigrew, Mr. E.C. Turner and Mr. L.P. Brunse resigned from the Company's Board of Directors ('the Board'). As at 31 December 2021, the Board consisted of Mr. J.D. Hobbs, Mr. H. Schram and Mr. E.H.M. Schropp.

Review of operations 2021

General

Despite the continued impact of the coronavirus pandemic, companies in the pharmaceutical industry have adapted their business models. In-person meetings with colleagues became virtual, as did those with healthcare providers. The result was an acceleration of many commercial-organizational trends already in progress by introducing digital capabilities to enable virtual connectivity with healthcare professionals and patients and achieve more agile ways of working.

The coronavirus pandemic and lockdowns also caused organizations to reconsider their supply chains to ensure shortages and limitations were overcome. In addition, the pharma industry's efforts to combat the pandemic resulted in a widespread collaboration that have created new platforms for innovation and growth such as the messenger RNA and viral vector technologies used in the Covid-19 vaccines which offered new technologies capable of transforming the treatment of other infectious diseases.

Against this background, the year 2021 was a challenging one for the SEVER Group. Although, total income for the Group increased by EUR 29.1 million (+12%) to EUR 274.8 million, this increase mainly resulted from the acquisition and integration of the Izvarino Group as of 1 January

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2021. The performance of the Group's four business units within the Group during 2021 is described in detail hereunder.

Nordic Pharma

Despite the Covid pandemic which continued to affect the business during the year, Nordic Pharma grew steadily with revenues reaching EUR 158 million in 2021, representing a 2% growth compared to 2020.

Nordic Pharma's growth was particularly strong in Germany and Austria (+44%) due to the solid development of Nordimet Autoinjector, Italy (+31%) thanks to the antibiotic Fomicyt, Canada (+11%) with mifepristone-misoprostol achieving a 50% market share and in France (+8%) across the entire Methotrexate (MTX) line. Exceptional revenues (EUR 5 million) were recorded in Australia following the decision of the authorities to request one-year safety stock at wholesaler level in view of Covid.

Globally, the full Rheumatology franchise grew by 13% and the Women's Health franchise by 8%. Despite difficult access to healthcare professionals in cardiac surgery, Trasylol recorded a 6% growth. In December Teysuno, an oncology product for gastric cancer, received an additional indication approval from the European Medicines Agency in metastatic colorectal cancer which should accelerate the revenues of this product in many European countries provided local pricing hurdles can be overcome, especially in France and Spain.

In the Nordic region, two important OTC products, Gaviscon and Nasoferm, grew respectively by 9% and 17%.

The distribution agreement for Fomicyt in Italy was not renewed which result in a loss of EUR 13 million revenues in 2022. Thanks to business development initiatives an agreement was reached with Sanofi in December 2021 to acquire Altim, a cortivazol suspension in prefilled syringe indicated in rheumatological diseases.

A EUR 4.3 million capital gain was recorded within the affiliate Farmaprim resulting from a debt renegotiation following the bankruptcy of the Moldovan Eximbank.

Finally, the digital transformation process, which was initiated in 2020 was strengthened during 2021 with the creation of multichannel projects in the marketing area.

Sever Pharma Solutions

Notwithstanding the challenges faced by the pharmaceutical industry, the CDMO sector performed well in 2021 due to its important role in the pharma value chain. The CDMO market currently consists of a few large companies with 15-20% of the total market and a subgroup of smaller specialist companies sharing the remainder. The Sever Pharma Solutions Group ('the SPS Group') operates in the latter sub-group.

During 2021, it was decided to integrate the QPharma and Disphar organizations, and to rebrand the combined group: Sever Pharma Solutions while adjusting its strategic direction. In addition,

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the successful acquisition of Foster Delivery Science Inc, a R&D facility in Putnam, Connecticut, USA, a company focused on ocular and subdermal implant technology was completed in November 2021 and a full integration of the company into the SPS Group is currently ongoing.

The Covid pandemic continued to cause significant disruptions during 2021, resulting in higher operating costs. Nevertheless, 2021 revenues exceeded 2020 revenues. Although Betahistine generated lower revenues due to market conditions and Nordimet was affected by internal stock adjustment, Mesalazine, Endometrin, Dapivirine and Annovera reported record revenues in 2021.

Izvarino Group

Effective 1 January 2021, the Company's shareholder Draupnir Holding B.V. contributed all its shares in and a receivable on Izvarino Farma AB to the Company via a share premium contribution in kind. This transaction has been accounted for as a business combination under common control (reference is made to Note 8 of the Consolidated Financial Statements). Izvarino Pharma AB is the parent company of the Izvarino Group a business involved in the manufacturing, marketing and distribution of essential medicinal products for the Russian market.

Over the past decade, Izvarino has delivered impressive growth with revenues increasing by 14% during 2021 to a level of EUR 34 million. Izvarino continues to invest in its portfolio of reimbursable products and its current pipeline includes 25 new in-house developed generic products.

Reference is made to the subsequent events section of the Managing Directors' Report with respect to the impact on the Izvarino Group as a result of the international sanctions being applied to Russia and the expanded restrictive measures imposed after 24 February 2022.

Amring USA

The U.S. pharmaceutical industry experienced significant disruptions in global supply chains, and healthcare practices during 2021 all of which had a negative impact on Amring USA ('Amring').

Amring's commercial portfolio included 10 distinct product items as of December 2021. Desmopressin acetate nasal spray was subject to a global recall in July 2020 which resulted in product returns and loss of sales.

Amring signed a commercialization license for a new synthetic corticosteroid under development for the treatment of the rare pediatric condition Infantile Spasm. This program was awarded an Orphan Drug Designation by the US FDA and will enter Phase 3 clinical trials in 2022.

Amring also continued development and FDA review activities in respect of additional products including isoproterenol injection, a medication used for the treatment of slow heart rate and heart block which was approved and launched in 2021.

During 2021, Amring recognized an impairment loss for an amount of EUR 6.4 million in connection with Abbreviated New Drug Applications ('ANDAs') of which the underlying drugs aborted market introductions. Amring continues to update and resubmit ANDAs purchased in prior

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years with the expectation of gaining FDA approval in late 2022 and early 2023. As part of the growth and evolution of Amring US's niche product portfolio, the company signed a distribution agreement with Pierre Fabre for its Lysteda brand for the Mexican market in July of 2021.

In December 2021, Amring acquired an FDA approved drug product, Timolol Maleate Ophthalmic Solution eye drops, used to treat increased pressure in the eye caused by open-angle glaucoma or a condition called ocular (eye) hypertension. Timolol is expected to be launched in 2022.

Financial results

The total income of the Group for the year amounted to EUR 274.8 million, an increase of EUR 29.1 million compared to 2020. This increase mainly relates to the acquisition of Izvarino. The operating result decreased by EUR 4.5 million during 2021 to EUR 21.5 million (2020: EUR 26.0 million).

The Group's equity as at 31 December 2021 amounted to EUR 167.4 million (2020: EUR 107.2 million) and a balance sheet total of EUR 312.7 million (2020: EUR 233.7 million). This represents an increased equity ratio of 8% to 54% in 2021 (2020: 46%) mainly relating to the EUR 35.0 million share premium contribution in kind in connection with the acquisition of the Izvarino shares

The Group's result for the year amounted to a profit of EUR 19.9 million (2020: EUR 13.0 million) an increase of EUR 6.9 million.

Employees

During the year the average number of people employed world-wide by the Group increased to 1,225 (2020: 705) expressed as full-time equivalents.

Sources of funding

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

Risk management and internal control

Risks

Major changes in the current business environment including economic, financial and regulatory conditions, have increased the importance of appropriate risk-taking 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 growth.

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The Group approaches risk management in a responsible way 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 systems or from external events, and involves some legal risk.

The Group tries to create 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.

Risk management
The purpose of risk management is to identify, quantify and reduce or eliminate risks. The Board is responsible for maintaining robust internal risk management and control systems geared towards the Group's business activities. However, the Board is aware of the fact that there is no risk management and control system that can prevent the possibility of errors and the risk of fraud.

The instruments for the Group's internal control and risk management consist of an administrative organization in which effective internal controls are embedded. Both contracting and payment takes place based on the four eyes principle. Furthermore, the Group has strict procedures in place for the periodic preparation of monthly and annual figures based upon approved accounting principles. The Group has no formal risk management strategy but mitigates its business risks via portfolio diversification whereby risks are spread across several countries and different markets.

Outlook

The Coronavirus pandemic did not reshape the whole pharma industry but brought about changes in its response to the rapidly evolving expectations of customers and investors. These developments are most notably in doctor/patient engagement and the increased use of digital communication.

The digital transformation of the pharmaceutical industry is something that continues year on year, with technological innovations set to impact drug development and the supply chain. Digital technology will also help organizations improve patient access and support, provide value for sponsors, shorten the length of the production process, and improve the efficiency of product distribution.

Overall, the most important Group objective in the years to come is to identify business opportunities that can help to achieve EUR 500 million revenue target with a corresponding sustainable EBITDA. While some revenue will come from organic growth, business development initiatives involving external licensing agreements and M&A activity will contribute towards achieving that goal. In this respect the Group may benefit from the increasing practice of pharma companies to optimize their portfolios by divesting non-core assets thus freeing up capital to invest in innovation and address portfolio gaps.

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Increasing global market presence is planned to be a growth driver for the Group. Increasing our presence in the US, the largest pharmaceutical market in the world, is one of the Group's top priorities. Japan, one of the largest pharmaceutical markets in the world, will also be one of the Group's growth priorities.

Operational complexities will continue to increase but, management believes the Group is well-positioned to achieve its ambitions and positively respond to the challenges ahead.

Subsequent events

Through its Russian subsidiaries, which employ some four hundred employees, the Group is involved in the development, production and supply of essential medicines to patients in Russia.

Whilst pharmaceutical products are generally exempt from the international sanctions being applied to Russia, the range of restrictive measures imposed after 24 February 2022 have resulted in difficulties in sourcing raw materials and components, Ruble exchange rate issues as well as financing and cash flow restrictions.

In view of the above developments, Group management has decided to freeze with immediate effect new capital investments, suspend all major marketing investments and defer the initiation of new clinical trials in Russia.

The aforementioned situation will have a potential impact on the Group's profit and loss in the financial year 2022 and will negatively affect the Group's equity by approximately EUR 42 million based on the statement of financial position per 31 December 2021 assuming no realizable value.

In this connection reference is made to the consolidated key figures of the Russian activities as at 31 December 2021 stated below.

	EUR'000
Non-current assets	18,842
Current assets	33,075
Non-current liabilities (including loan from parent company)	(16,471)
Current liabilities	(8,466)
Impairment total net assets of Russian interest	26,980
Impairment loan receivable on Russian interest	15,452
Total	42,432

The Group will continue to closely monitor development of the situation and is currently investigating the future of the Group's interest in Russia.

There have been no other significant events subsequent to the financial year 2021, which would require additional disclosure in the financial statements.

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Hoofddorp, 25 May 2022

Managing Directors

J.D. Hobbs
(Chairman)

E.H.M. Schropp

H. Schram

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CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2021

	2021		2020	
	EUR'000	EUR'000	EUR'000	EUR'000
Revenue (3)	266,945		239,502	
Other operating income (3)	7,872		6,187	
Total income		274,817		245,689
Cost of revenues		(162,607)		(140,578)
Gross profit		112,210		105,111
Marketing and sales expenses (3)	(34,356)		(27,939)	
Research expenses (3)	(24,728)		(22,433)	
General and administrative expenses (3)	(31,671)		(28,725)	
Total operating expenses		(90,755)		(79,097)
Operating result		21,455		26,014
Financial income (3)	7,426		150	
Financial expenses (3)	(2,795)		(6,391)	
Total financial result		4,631		(6,241)
Result before income taxes		26,086		19,773
Income tax charge (4)		(6,198)		(6,730)
Result for the year		19,888		13,043
Attributable to:				
Equity holders of the parent		19,570		13,372
Non-controlling interest		318		(329)
Result for the year		19,888		13,043

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	2021		2020	
	EUR'000	EUR'000	EUR'000	EUR'000
Result for the year		19,888		13,043
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	5,428		(2,589)	
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		5,428		(2,589)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement losses on defined benefit plans	(60)		(88)	
Income tax effect	18		28	
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(42)		(60)
Other comprehensive result for the year, net of taxes		5,386		(2,649)
Total comprehensive result for the year, net of taxes		25,274		10,394
Attributable to:				
Equity holders of the parent		24,977		10,664
Non-controlling interest		297		(270)
Total comprehensive result for the year, net of taxes		25,274		10,394

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2021

A s s e t s

	2021		2020	
	EUR'000	EUR'000	EUR'000	EUR'000
Non-current assets				
Intangible assets (5)	57,379		47,603	
Property, plant and equipment (6)	59,025		33,175	
Right-of-use assets (17)	11,471		8,065	
Financial assets (7)	742		432	
Deferred income tax assets (4)	6,071		4,273	
Total non-current assets		134,688		93,548
Current assets				
Inventories (10)	60,213		54,263	
Trade receivables (11)	75,829		58,517	
Corporate income tax receivable	3,504		1,066	
Other receivables and other current assets (12)	14,366		8,273	
Cash and cash equivalents	24,053		18,007	
Total current assets		177,965		140,126
Total assets		312,653		233,674

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Equity and liabilities

	2021		2020	
	EUR'000	EUR'000	EUR'000	EUR'000
Equity				
Issued capital	500		500	
Share premium	124,510		89,510	
Translation reserve	(241)		(5,690)	
Retained earnings	23,439		10,109	
Result for the year	19,570		13,372	
Equity attributable to the equity holders of the parent	167,778		107,801	
Non-controlling interest	(349)		(646)	
Total equity		167,429		107,155
Non-current liabilities				
Deferred income tax liabilities (4)	4,790		3,313	
Provisions (13)	5,780		7,741	
Interest-bearing loans and borrowings (14)	5,675		6,650	
Lease liabilities (17)	8,803		6,168	
Other financial liabilities (16)	9,442		7,623	
Total non-current liabilities		34,490		31,495
Current liabilities				
Trade payables (18)	21,016		15,166	
Interest-bearing loans and borrowings (14)	11,194		13,816	
Short-term borrowings from banks (15)	35,259		21,857	
Lease liabilities (17)	2,893		2,024	
Provisions (13)	1,912		2,372	
Other financial liabilities (16)	4,626		4,097	
Corporate income tax payable	489		1,927	
Other payables and other current liabilities (18)	33,345		33,765	
Total current liabilities		110,734		95,024
Total liabilities		145,224		126,519
Total equity and liabilities		312,653		233,674

SEVER LIFE SCIENCES B.V.
HOOFDDORP, THE NETHERLANDS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	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 2020	500	89,510	(3,042)	455	9,714	97,137	(376)	96,761
Result for the year	–	–	–	–	13,372	13,372	(329)	13,043
Re-measurement gains (losses) on defined benefit plans	–	–	–	(60)	–	(60)	–	(60)
Other comprehensive income	–	–	(2,648)	–	–	(2,648)	59	(2,589)
Total comprehensive income	–	–	(2,648)	(60)	13,372	10,664	(270)	10,394
Appropriation profit previous year	–	–	–	9,714	(9,714)	–	–	–
Balance as at 31 December 2020	500	89,510	(5,690)	10,109	13,372	107,801	(646)	107,155
Balance as at 1 January 2021	500	89,510	(5,690)	10,109	13,372	107,801	(646)	107,155
Result for the year	–	–	–	–	19,570	19,570	318	19,888
Re-measurement gains (losses) on defined benefit plans	–	–	–	(42)	–	(42)	–	(42)
Other comprehensive income	–	–	5,449	–	–	5,449	(21)	5,428
Total comprehensive income	–	–	5,449	(42)	19,570	24,977	297	25,274
Share premium contribution in kind (Note 8)	–	35,000	–	–	–	35,000	–	35,000
Appropriation profit previous year	–	–	–	13,372	(13,372)	–	–	–
Balance as at 31 December 2021	500	124,510	(241)	23,439	19,570	167,778	(349)	167,429

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Issued capital
The issued share capital as at 31 December 2021 comprised 500,000 shares (2020: 500,000 shares) of EUR 1.00 (2020: EUR 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.

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

	2021		2020	
	EUR'000	EUR'000	EUR'000	EUR'000
Cash flows from operating activities				
Result for the year	19,888		13,043	
Adjustments to reconcile cash generated by operating activities:				
Depreciation, amortization and impairment losses (3)	19,334		11,576	
Financial income (3)	(7,116)		(150)	
Financial expenses (3)	2,795		5,997	
Income tax charge (4)	6,198		6,730	
Fair value changes on financial assets (7)	(310)		394	
Changes in working capital:				
Decrease / (Increase) in inventories (10)	8,838		(3,206)	
Increase in trade receivables (11)	(3,173)		(5,116)	
(Increase) / decrease in other receivables and other current assets (12)	(4,422)		3,060	
Decrease in trade payables (18)	(865)		(7,045)	
Decrease in other payables (18)	(2,384)		(3,317)	
Changes in other liabilities:				
Movements in provisions (13)	(2,472)		2,507	
Cash generated from operations	36,311		24,473	
Interest income received	865		150	
Interest expenses paid	(2,381)		(4,102)	
Income taxes paid	(10,597)		(5,891)	
Net cash flow generated by operating activities		24,198		14,630
Cash flows from investing activities				
Acquisition of intangible assets (5)	(12,408)		(3,958)	
Disposal of intangible assets (5)	23		–	
Acquisition of property, plant & equipment (6)	(6,431)		(3,765)	
Disposal of property, plant and equipment (6)	1,408		296	
Business combinations under common control, net of cash acquired (8)	1,019		–	
Acquisition of a subsidiary, net of cash acquired (9)	(8,350)		–	
Net cash flows used in investing activities		(24,739)		(7,427)
Carried forward		(541)		7,204

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	2021		2020	
	EUR'000	EUR'000	EUR'000	EUR'000
Brought forward		(541)		7,204
Cash flow from financing activities				
Proceeds of interest-bearing loans and borrowings (14, 22)	2,642		4,598	
Repayment of interest-bearing loans and borrowings (14, 22)	(2,756)		(10,404)	
Proceeds of short-term borrowings from banks (15, 22)	13,402		3,071	
Payment of other financial liabilities (16, 22)	(4,394)		(4,481)	
Payment of lease liabilities (17, 22)	(2,824)		(2,541)	
Net cash flows generated by/ (used in) financing activities		6,070		(9,757)
Increase/ (decrease) in cash and cash equivalents		5,529		(2,554)
Cash and cash equivalents at the beginning of the year		18,007		20,241
Net foreign currency exchange differences		517		320
Cash and cash equivalents at the end of the year		24,053		18,007

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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 with number 74996207.

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

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 Foundation Mamont, a foundation registered on Guernsey.

During 2021, Mr. M. Pettigrew, Mr. E.C. Turner and Mr. L.P. Brunse resigned from the Company's Board of Directors ('the Board'). As at 31 December 2021, the Board consisted of Mr. J.D. Hobbs, Mr. H. Schram and Mr. E.H.M. Schropp.

2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of the Company and all its subsidiaries ('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 and going concern basis (reference is made to Note 25 with regards to the impact of the international sanctions applied to Russia and the expanded restrictive measures imposed after 24 February 2022). All amounts are stated in thousands of Euros, unless otherwise indicated.

Principles of consolidation

The consolidated financial statements include the Company and its subsidiaries as at 31 December of each year. Subsidiaries are consolidated from the date the Company obtains control until such time as control ceases. The results of subsidiaries are included from the date of acquisition and for subsidiaries sold, up to the date of disposal.

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The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Reference is made to Note 8 for information regarding the consolidated subsidiaries. All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

Changes in accounting policies

The following amendments became mandatorily effective from 1 January 2021:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform - Phase 2*
- IFRS 4 *Insurance Contracts* - Extension of the Temporary Exemption from Applying IFRS 9
- IFRS 3 *Business combinations* - Updating a Reference to the Conceptual Framework
- IAS 16 *Property, Plant and Equipment* - Proceeds before Intended Use
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* - Onerous Contracts - Cost of Fulfilling a Contract
- Annual improvements to IFRS Standards 2018-2020 cycle (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)

The adoption of these amendments to the IFRS Standards has not had any significant impact on the financial statements of the Group. As a result, the accounting policies are consistent with prior years.

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.

Impact Covid-19
Since the start of the Pandemic, the Group has been closely monitoring the impact of COVID-19 on its business. During the year, the Group's revenues have been impacted due to the reduction in physician contacts with customers and patients and decrease of products used for selective surgery. Reduced marketing activities and professional conferences as well as (international) traveling during 2021, together with a general constraint on spending and employee recruitment, have partly mitigated the impact of the gross margin loss due to lower revenues. The Group also faced supply chain disruptions, which resulted in an increase of operating expense, and delays in product development projects.

Based upon analysis performed by the individual business units, there is no material uncertainty relating to the going concern assumption of the Group and Covid-19 did not directly result in the recognition of material impairment losses on non-current assets.

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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.

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 (reference is made to Note 16).

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

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currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are taken to the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as of the dates when the fair value was determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

Subsidiaries
The functional currencies of the foreign operations are predominately the Euro, Canadian Dollar US Dollar, Russian Ruble and the Swedish Krone. As at the reporting date, the assets and liabilities of the subsidiaries with other functional currency than the Euro are translated into the presentation currency of the Group (the Euro) at the rate of exchange ruling at the reporting date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recorded in other comprehensive income. On disposal of a foreign entity, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

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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 customers can benefit from the finished and reported parts of the development work performed. However, then they will need to finalize the project either themselves or with a new partner.

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

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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.

Other income and expenses

Interest
For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income and expense is included in financial income and expense in the income statement.

Other income, costs and expenses
Other income, costs and expenses are allocated to the year to which they relate. Losses are accounted for in the year in which they arise.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal annual amounts over the expected useful life of the related asset.

Taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Corporate income tax is calculated on taxable profit according to the applicable tax rates in the various countries.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Current income tax items are recognized in correlation to the underlying transaction either in profit or loss or directly in equity.

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Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses.

Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized and the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction in other comprehensive income or directly into equity.

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Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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.

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group must be able to access the principal market or the most advantageous market at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

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- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. 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.

Acquisition costs incurred are expensed and included in general and administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts within the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be re-measured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS statement.

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Goodwill is initially measured at cost, being the excess of the aggregate consideration transferred and the amount recognized for non-controlling interest, over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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 book value accounting method (often referred to as the 'pooling of interest' method) without restating comparative figures. When applying the book value accounting method, the acquisition balance consists of the book values as previously included in the highest consolidating entity of the seller at the start of the current period.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at costs less any accumulated amortization and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised 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.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

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Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

Research and development costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Intangible assets are amortized from the moment they become available for use, for the period they are expected to generate future benefits. Summary of the policies applied to the Group's intangible assets is stated below:

	Licenses & Registrations	**Capitalized development costs**	**Other**
Useful lives	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 years	Amortized on a straight line basis over five years
Internally generated or acquired	Acquired	Internally generated	Acquired

Licenses and registrations
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 is 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. Such cost includes the costs of replacing part of the plant and equipment and borrowing cost for long term construction projects if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized as dwelling costs in the income statement.

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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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognising the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

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

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Goodwill has specific characteristics for impairment testing. Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit, or group of cash-generating units, to which the goodwill relates. When the recoverable amount of the cash-generating units is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial assets

Initial recognition and measurement
Financial assets are initially recognized at fair value plus transaction costs except for those carried at fair value through profit or loss. Financial assets at fair value through profit or loss and available for sale financial assets are subsequently carried at fair value. Loans, receivables, and held-to-maturity investments are carried at amortized cost using the effective interest method.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade

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receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

For a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
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.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost include are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

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. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

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.

Raw materials and finished goods acquired from third parties are stated at the purchase cost on a first in, first out basis. Finished goods produced within the Group 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.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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.

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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, and a derivative financial instrument in connection with the associate.

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
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. This category comprises the contingent consideration payable in connection with the acquisitions of subsidiaries contingent consideration is carried in the statement of financial position at fair value with changes in fair value recognized in the statement of income in the finance income or expense line. Other than this contingent consideration, the Group does not classify any financial liabilities as being at fair value through profit or loss.

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. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate method. The interest rate amortization is included as finance costs in the statement of profit or loss.

De-recognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continued involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continued involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as financial expenses in the income statement.

Restructuring provisions
Restructuring provisions are recognized only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and the number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

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. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method.

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a

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corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognizes the following changes in the net defined benefit obligation under cost of revenues and general and administrative expenses in consolidated income statement:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The defined benefit liability is the aggregate of the present value of defined benefit obligation and the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies.

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 adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019). The Group elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019. IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard.

The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

(a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
(d) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

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Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

All leases are accounted for by recognizing a right-of-use asset and a lease liability, except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Group is contractually required to dismantle, remove or restore the leased assets.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimates of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities are similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value

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of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) 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 1 January 2022 or later but are not expected to have significant impact on the financial statements of the Group:

- Amendments to IFRS 16 *Property, Plant and Equipment* - Covid-19-Related Rent Concessions beyond 30 June 2021 - Effective for annual periods beginning on or after 1 April 2021
- IFRS 3 *Business combinations* - Updating a Reference to the Conceptual Framework - Effective for annual periods beginning on or after 1 January 2022
- IAS 16 *Property, Plant and Equipment* - Proceeds before Intended Use - Effective for annual periods beginning on or after 1 January 2022
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* - Onerous Contracts - Cost of Fulfilling a Contract - Effective for annual periods beginning on or after 1 January 2022
- Annual improvements to IFRS Standards 2018-2020 cycle (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41) - Effective for annual periods beginning on or after 1 January 2022
- IAS 1 *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-current - Effective for annual periods beginning on or after 1 January 2023
- IAS 1 *Presentation of Financial Statements* - Disclosure of Accounting Policies - Effective for annual periods beginning on or after 1 January 2023
- IFRS 17 *Insurance Contracts* - Effective for annual periods beginning on or after 1 January 2023
- IAS 12 *Income taxes* - Deferred Tax related to ssets and Liabilities arising from a Single Transaction - Effective for annual periods beginning on or after 1 January 2023

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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
	2021	2020	**2021**	2020	**2021**	2020
Primary geographic markets						
Western Europe	88,402	74,473	15	132	88,417	74,605
Northern Europe	41,827	67,068	191	102	42,018	67,170
Southern Europe	32,237	24,625	–	–	32,237	24,625
Eastern Europe	57,267	17,312	115	–	57,382	17,312
North America	40,949	52,735	3,190	2,588	44,139	55,323
Asia Pacific	1,607	–	1,145	467	2,752	467
	262,289	236,213	4,656	3,289	266,945	239,502
Product types						
Goods	262,289	236,213	–	–	262,289	236,213
Other services	–	–	4,656	3,289	4,656	3,289
	262,289	236,213	4,656	3,289	266,945	239,502
Timing of transfer of goods and services						
Point in time	262,289	236,213	–	–	262,289	236,213
Over time	–	–	4,656	3,289	4,656	3,289
	262,289	236,213	4,656	3,289	266,945	239,502

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.

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Contract balances

Contract balances for the year were as follows:

	Contract assets	Contract liabilities
	EUR'000	EUR'000
Balance as at 1 January 2020	1,446	(9,428)
Settlement during the year via trade receivables	(1,446)	6,071
Amounts included in contract liabilities that was recognized as revenue during the year	–	983
Excess of revenue recognized over cash (or rights to cash) being recognized during the year	1,170	–
Cash received in advance of performance and not recognized as revenue during the year	–	(5,840)
Currency exchange differences	–	647
Balance as at 31 December 2020	1,170	(7,567)
Balance as at 1 January 2021	1,170	(7,567)
Settlement during the year via trade receivables	(1,179)	6,132
Amounts included in contract liabilities that was recognized as revenue during the year	–	–
Excess of revenue recognized over cash (or rights to cash) being recognized during the year	3,150	–
Cash received in advance of performance and not recognized as revenue during the year	–	(3,517)
Currency exchange differences	(187)	(476)
Balance as at 31 December 2021	2,954	(5,428)

Contract assets and contract liabilities are included within other receivables and other current assets and other payables and other current liabilities respectively on the face of the statement of financial position.

These amounts arise as 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 mainly relate to refund liabilities following from customer's right to return expired products and to accrued rebates.

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	2021	2020
	EUR'000	EUR'000
Other operating income		
License income	–	2,026
Income from production line setup (reference is made to Note 21)	2,663	–
Commission income	16	63
Dossier income	902	1,137
Promotion income	1,577	944
Other	2,714	2,017
	7,872	6,187
Marketing and sales expenses		
Salaries and employee benefits	(17,477)	(14,816)
Other staff expenses	(2,516)	(1,979)
Marketing and promotion costs	(9,563)	(6,938)
Professional services	(3,656)	(3,599)
Dwelling costs	(388)	(235)
Other	(756)	(372)
	(34,356)	(27,939)
Research expenses		
Salaries and employee benefits	(8,741)	(7,801)
Other staff expenses	(520)	(432)
Professional services	(14,592)	(13,605)
Dwelling costs	(270)	(242)
Other	(605)	(353)
	(24,728)	(22,433)
General and administrative expenses		
Salaries and employee benefits	(16,730)	(13,948)
Other staff expenses	(2,144)	(1,366)
Depreciation	(1,071)	(654)
Service fee related company	(423)	(579)
Professional services	(3,708)	(3,724)
Dwelling costs	(4,657)	(3,329)
Insurance costs	(1,272)	(1,192)
Other	(1,666)	(3,933)
	(31,671)	(28,725)

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Financial income

	2021	2020
	EUR'000	EUR'000
Interest income	600	–
Settlement of interest-bearing loans and borrowings (Note 14)	4,346	–
Foreign currency exchange gains	2,089	–
Fair value gain on equity instruments at fair value through profit or loss (Note 7)	310	–
Other	81	150
	7,426	150

Interest-bearing loans of the Company's subsidiary Farmaprim S.R.L. ('Farmaprim') due to Eximbank were assigned to Veneto Banca under mandatory administrative liquidation. Thereafter, these loans were assigned by Veneto Banca to AMCO Asset Management Company S.P.A. As such, Farmaprim ceased all payments and classified the amounts involved as current interest-bearing loans and borrowings. In 2021, Farmaprim came to a settlement which resulted into a release of EUR 4.3 million (reference is made to Note 14).

Financial expenses

	2021	2020
	EUR'000	EUR'000
Interest expenses due to third parties	(1,713)	(1,557)
Interest expenses lease liabilities (Note 17)	(208)	(150)
Interest expenses due to related company	–	(3)
Fair value loss on equity instruments at fair value through profit or loss (Note 7)	–	(394)
Foreign currency exchange losses	–	(2,696)
Other	(874)	(1,591)
	(2,795)	(6,391)

Staff costs and employee information

Salaries and wages	(48,933)	(40,895)
Social charges	(11,369)	(8,943)
Pension charges	(3,210)	(2,567)
	(63,512)	(52,405)

During the year an amount of EUR 20.6 million (2020: EUR 15.8 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:

	2021	2020
Production	507	247
Marketing and sales	241	170
Research and development	131	103
General and administration	112	92
Quality control and assurance	234	93
	1,225	705

The average number of employees employed outside the Netherlands amounted to 1,169 (2020: 660).

	2021	2020
	EUR'000	EUR'000
Depreciation, amortization and impairment losses included in the income statement		
Included in cost of revenues:		
Depreciation	(6,228)	(4,636)
Amortization	(4,805)	(4,314)
Impairment losses	(7,230)	(1,971)
Included in general and administrative expenses:		
Depreciation	(1,071)	(654)
	(19,334)	(11,575)

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4 Taxation

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

Consolidated income statement

	2021	2020
	EUR'000	EUR'000
Current income tax charge	(6,967)	(8,079)
Deferred income tax credit	769	1,349
Total income tax charge	(6,198)	(6,730)

Consolidated statement of comprehensive income

Income tax directly to comprehensive income	18	28
Total income tax credit	18	28

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:

	2021	2020
	EUR'000	EUR'000
Result before income taxes	26,086	19,773
At Dutch statutory income tax rate of 25.0%	(6,522)	(4,943)
Different income tax rates of other countries	708	17
Non-deductible expenses	(1,639)	(1,949)
Non-capitalized tax losses	(1,056)	(1,515)
Utilization of unrecognized tax losses	518	679
Tax exempt income	486	–
Recognition of previously unrecognized tax losses	–	1,057
Profit elimination on intercompany sales	268	33
Adjustments in respect of current income tax of previous year	1,039	(109)
At an effective corporate income tax rate of 23.8% (2020: 34.0%)	(6,198)	(6,730)

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

	2021	2020
	EUR'000	EUR'000
Differences in commercial and fiscal valuation of assets and liabilities	1,743	2,118
Losses available for offsetting against future taxable income	4,328	2,155
Total deferred income tax assets	6,071	4,273

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

	2021	2020
	EUR'000	EUR'000
Differences in commercial and fiscal valuation of assets and liabilities	2,352	1,683
Profit allocation Sweden	2,438	1,630
Total deferred income tax liabilities	4,790	3,313

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 EUR 38.6 million (2020: EUR 33.9 million). Of these unrecognized tax losses EUR 3.7 million will expire between 2021 and 2023, EUR 10.1 million will expire after 2023 and EUR 24.7 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 year relate to the following:

Consolidated income statement

	2021	2020
	EUR'000	EUR'000
Movement in deferred income tax assets	1,798	1,204
Movement in deferred income tax liabilities	(1,477)	(61)
Business combination under common control (Note 8)	(404)	-
Business combinations (Note 9)	967	-
Currency exchange differences	(115)	206
Total deferred income tax credit in income statement	769	1,349

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Consolidated statement of comprehensive income

	2021	2020
	EUR'000	EUR'000
Movement in deferred income tax liabilities	18	28
Total deferred tax credit in statement of comprehensive income	18	28

5 Intangible assets

	Goodwill	Licenses & Registrations	Capitalized development costs	Other	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Acquisition value					
Balance as at 1 January 2020	2,317	51,302	940	8,272	62,831
Additions	–	3,163	–	1,395	4,558
Disposals	–	(223)	–	–	(223)
Transfers	–	497	–	(497)	–
Currency exchange differences	–	(4,114)	–	(216)	(4,330)
Balance as at 31 December 2020	2,317	50,625	940	8,954	62,836
Accumulated amortization and impairment losses					
Balance as at 1 January 2020	–	(6,821)	(431)	(2,575)	(9,827)
Amortization charge for the year	–	(3,442)	(94)	(778)	(4,314)
Impairment losses	–	(1,971)	–	–	(1,971)
Disposals	–	223	–	–	223
Transfers	–	(23)	–	23	–
Currency exchange differences	–	647	–	9	656
Balance as at 31 December 2020	–	(11,387)	(525)	(3,321)	(15,233)
Carrying value as at 31 December 2020	2,317	39,238	415	5,633	47,603

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	Goodwill	Licenses & Registrations	Capitalized development costs	Other	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Acquisition value					
Balance as at 31 December 2020	2,317	50,625	940	8,954	62,836
Share premium contribution in kind (Note 8)	–	301	1,857	–	2,158
Balance as at 1 January 2021	2,317	50,926	2,797	8,954	64,994
Balance as at 1 January 2021	2,317	50,926	2,797	8,954	64,994
Additions	–	10,461	–	1,983	12,444
Acquisition of Subsidiary (Note 9)	3,697	–	–	1,565	5,262
Disposals	–	(145)	–	–	(145)
Transfers	–	757	–	(757)	–
Currency exchange differences	–	4,483	156	153	4,792
Balance as at 31 December 2021	6,014	66,482	2,953	11,898	87,347
Accumulated amortization and impairment losses					
Balance as at 31 December 2020	–	(11,387)	(525)	(3,321)	(15,233)
Share premium contribution in kind (Note 8)	–	(241)	(1,217)	–	(1,458)
Balance as at 1 January 2021	–	(11,628)	(1,742)	(3,321)	(16,691)
Balance as at 1 January 2021	–	(11,628)	(1,742)	(3,321)	(16,691)
Amortization charge for the year	–	(3,667)	(322)	(816)	(4,805)
Impairment losses	–	(6,385)	–	(845)	(7,230)
Disposals	–	122	–	–	122
Currency exchange differences	–	(1,208)	(109)	(47)	(1,364)
Balance as at 31 December 2021	–	(22,766)	(2,173)	(5,029)	(29,968)
Carrying value as at 31 December 2021	6,014	43,716	780	6,869	57,379

Licenses & registrations
Included within the category Licenses & Registrations is a Canadian license and market authorization for the product Mifegymiso with a carrying value of EUR 11.4 million (2020: EUR 13.7 million) and a remaining amortization period of 5 years. Furthermore, this category contains abbreviated new drug applications (ANDAs) for the US market with a remaining

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amortization period between 8 and 10 years. The total carrying value of these ANDAs amounts to EUR 28.9 million (2020: EUR 31.1 million), of which EUR 25.1 million relates to ANDAs that are still in development or not available for use yet as at 31 December 2021 (2020: EUR 18.9 million).

Other
Included within the Other category software as well as the Mifegymiso trademark with a carrying value of EUR 2.5 million (2020: EUR 3.2 million) and a remaining amortization period of 4 years. The client list as well as a development project related to the Company's newly acquired subsidiary Foster Delivery Science Inc (reference is made to Note 9), are also included in this category.

Additions
During 2021, the Company's subsidiary Amring Pharmaceuticals Inc. purchased all rights, title, and interest in a U.S. Food and Drug Administration ('US FDA') approved drug product for a total consideration of USD 5.1 million (EUR 3.8 million) of which USD 65,000 (EUR 58,500) relates to raw materials inventory.

During 2020, Amring Pharmaceuticals Inc. purchased the Lysteda brand from Ferring Pharmaceuticals for USD 1.5 million (EUR 1.2 million) which is a related party transaction (reference is made to Note 22).

Impairment losses Licenses & Registrations
The impairment loss of EUR 6.4 million as recognized in 2021 relates to capitalized ANDAs acquired by the Company's subsidiary Amring Pharmaceuticals Inc. in prior years for which management terminated the market introduction of the underlying drug during the year (2020: EUR 2.0 million).

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:

	2021	2020
	EUR'000	EUR'000
Linepharma S.a.r.l.	1,406	1,406
Linepharma International Limited	911	911
Foster Delivery Sciences Inc. (reference is made to Note 9)	3,697	–
	6,014	2,317

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

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financial projections covering a five-year period. There is headroom of USD 27 million (EUR 24 million) in the goodwill related to Foster Delivery Sciences Inc. and management did not identify an impairment for this CGU. The pre-tax discount rate applied to cash flow projections was 11%. Cash flows beyond the five year-period were extrapolated using a growth rate of 2%.

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.

Sensitivity to changes in assumptions
The following table illustrates the approximate impact from movement in key assumptions on the value in use of the goodwill related to Foster Delivery Sciences Inc:

	+1%	-1%
	EUR'000	EUR'000
Pre-tax discount rate	(5,403)	6,773
Long-term growth rate	3,597	(2,932)

With regard to 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.

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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 2020	19,310	22,635	7,510	12,376	61,831
Additions	365	283	2,224	678	3,550
Disposals	(490)	(40)	–	(13)	(543)
Transfer	–	(413)	–	413	–
Currency exchange differences	255	48	424	196	923
Balance as at 31 December 2020	19,440	22,513	10,158	13,650	65,761
Accumulated depreciation and impairment losses					
Balance as at 1 January 2020	(5,798)	(13,648)	–	(10,122)	(29,568)
Depreciation charge for the year	(769)	(1,320)	–	(759)	(2,848)
Impairment losses	–	–	–	–	–
Disposals	217	23	–	(17)	223
Transfer	–	192	–	(192)	–
Currency exchange differences	(175)	(42)	–	(176)	(393)
Balance as at 31 December 2020	(6,525)	(14,795)	–	(11,266)	(32,586)
Carrying value as at 31 December 2020	12,915	7,718	10,158	2,384	33,175
Acquisition value					
Balance as at 31 December 2020	19,440	22,513	10,158	13,650	65,761
Share premium contribution in kind (Note 8)	6,370	9,109	2,731	1,579	19,789
Balance as at 1 January 2021	25,810	31,622	12,889	15,229	85,550
Balance as at 1 January 2021	25,810	31,622	12,889	15,229	85,550
Additions	11	326	6,227	1,592	8,156
Acquisition of Subsidiary (Note 9)	6,308	2,721	–	379	9,408
Disposals	(129)	(359)	(1,444)	(866)	(2,798)
Transfer	7,154	6,111	(13,431)	166	–
Currency exchange differences	400	815	5	56	1,276
Balance as at 31 December 2021	39,554	41,236	4,246	16,556	101,592

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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 31 December 2020	(6,525)	(14,795)	–	(11,266)	(32,586)
Share premium contribution in kind (Note 8)	(1,134)	(4,319)	–	(883)	(6,336)
Balance as at 1 January 2021	(7,659)	(19,114)	–	(12,149)	(38,922)
Balance as at 1 January 2021	(7,659)	(19,114)	–	(12,149)	(38,922)
Depreciation charge for the year	(941)	(2,714)	–	(962)	(4,617)
Disposals	129	373	–	843	1,345
Transfer	–	(41)	–	41	–
Currency exchange differences	(5)	(380)	–	12	(373)
Balance as at 31 December 2021	(8,476)	(21,876)	–	(12,215)	(42,567)
Carrying value as at 31 December 2021	31,078	19,360	4,246	4,341	59,025

Included in the asset under construction is the aseptic filling line which will become available for use in 2022. 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

	2021	2020
	EUR'000	EUR'000
Listed equity investments	742	432
	742	432

The listed equity investments are measured at fair value through profit or loss. The fair value of these equity shares is determined by reference to published price quotations in an active market.

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8 Consolidated group companies

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

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

Name	Location	Percentage of ownership **2021**	2020
Directly held:			
QPharma AB	Sweden, Malmö	100%	100%
SPS Swedish Holdco AB	Sweden, Malmö	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%
Disphar International B.V.	The Netherlands, Vorden	100%	100%
Amring Pharmaceuticals Inc.	U.S.A., Parsippany, NJ	100%	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%
Celopharma 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%
Nordic Pharmaceuticals Limited	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%
Nordic Pharma GmbH	Switzerland, Zurich	100%	100%

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Name	Location	Percentage of ownership **2021**	2020
SEVER Pharmaceuticals S.A.	Switzerland, St. Prex	100%	100%
Nordic Pharma Ltd.	United Kingdom, Windsor	100%	100%
Linepharma International Limited	United Kingdom, London	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%	–
SPS US Operations Inc.	U.S.A., Delaware	100%	–
Foster Delivery Science Inc.	U.S.A., Connecticut	100%	–
Science Hill Realty LLC	U.S.A., Connecticut	100%	–

Percentage of voting shares is equal to percentage of ownership.

On 12 April 2021, Women Health Protection LLC changed its name into Linepharma International LLC and on 17 May 2021 Linepharma International LLC changed its name into Linepharma LLC.

On 5 May 2020, Amring Pharmaceuticals S.A. changed its name into SEVER Pharmaceuticals S.A. and SEVER Pharmaceuticals S.A. changed its name into SEVER Life Sciences S.A.

On 15 November 2021, Amring S.a.r.l. changed its name into Linepharma S.a.r.l.

On 29 May 2020, Linepharma KK was incorporated.

On 10 October 2021, SEVER life Sciences B.V. acquired all shares in Grundbulten 102930 AB, which changed its name into SPS Swedish Holdco AB.

On 19 October 2021, both SPS US Holding Inc. and SPS US Operations Inc were incorporated.

On 5 November 2021, the Group acquired all shares in Foster Delivery Science Inc. and Science Hill Realty LLC (reference is made to Note 9).

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Business combinations under common control

Transfer of shares in Izvarino Farma AB
On 18 May 2021, effectively 1 January 2021, the Company's shareholder Draupnir Holding B.V. contributed all its shares and a receivable in Izvarino Farma AB to the Company for a total amount of EUR 35.0 million via a share premium contribution in kind.

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 Izvarino Farma AB as at 1 January 2021 are as follows:

	EUR'000
Intangible assets	700
Property, plant and equipment	13,453
Right of use assets	921
Deferred income tax assets	432
Inventories	12,784
Trade receivables	12,121
Corporate income tax receivable	458
Other receivables and other current assets	1,569
Cash and cash equivalents	1,019
Deferred income tax liabilities	(28)
Interest-bearing loans and borrowings	(529)
Lease liabilities	(987)
Other financial liabilities	(159)
Trade payables	(4,932)
Other payables and other current liabilities	(1,822)
Total net assets transferred	35,000
Share premium contribution in kind	35,000
Total contribution	35,000

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9 Business combinations

On 5 November 2021, the Group acquired all shares in Foster Delivery Science Inc. ('Foster') a USA-based contract development manufacturing organization ('CDMO') that provides world class pharmaceutical hot melt extrusion services, and Sciences Hill Realty LLC a company holding the Foster real estate. The Group acquired Foster Delivery Science Inc. to get direct access to the United States of America which is the world's largest CDMO market.

The fair values of the identifiable assets and liabilities of Foster Delivery Science Inc. and Science Hill Realty LLC. as at acquisition date were as follows:

	EUR'000
Intangible asset	1,565
Property, plant and equipment	9,408
Inventories	254
Trade debtors	268
Other receivables	53
Deferred tax liabilities	(967)
Trade and other payables	(164)
Total identifiable net assets at fair value	10,417
Goodwill recognized upon acquisition (reference is made to Note 5)	3,697
Purchase consideration	14,114

Cash consideration upon closing	8,350
Deferred consideration	5,764
Total consideration	14,114

Goodwill
The goodwill of EUR 3,697,000 comprises the value of expected synergies arising from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Contingent consideration
The total purchase consideration to be paid in connection with the acquisition amounts to USD 16.0 million (EUR 14.1 million) of which USD 9.5 million (EUR 8.3 million) relates to fixed consideration and USD 6.5 (EUR 5.8 million) million relates to a partial contingent consideration based upon performance and consists of two milestone payments (reference is made to Note 16).

The first milestone payment amounts to USD 3.4 million (EUR 3.0 million) and is based upon costs related to corrective actions following an inspection by the US Food & Drug Administration. In case these costs do not exceed USD 250,000, which is in line with management's expectations, an undiscounted milestone payment of USD 3.4 million (EUR 3.0 million) will be triggered. As the amount is expected to fall due in 2023, a discount factor of 2% combined with a 90% likelihood is applied, resulting in a total amount of USD 2.9 million (EUR 2.6 million) as at 31 December 2021.

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The second milestone payment amounts to USD 4.3 million (EUR 3.8 million) and is based upon obtaining a certificate of occupancy from the Town of Putnam, Connecticut for the proposed expansion facility. In case this certificate is not obtained before 5 November 2025, the Group will have to pay USD 2.5 million (EUR 2.2 million).

However, management is confident this certificate will be obtained at a point in time and consequently recorded the USD 4.3 million in connection with the second milestone. As the amount is expected to fall due in 2024, a discount factor of 2% combined with a 75% likelihood on the part exceeding USD 2.5 million is applied, resulting in a total amount of USD 3.6 million (EUR 3.2 million) as at 31 December 2021.

10 Inventories

	2021	2020
	EUR'000	EUR'000
Raw materials and supplies	20,617	13,707
Work in progress	6,182	6,598
Finished goods	33,414	33,958
	60,213	54,263

Costs of inventories recognized in cost of revenues in the income statement during the financial year amount to EUR 98.1 million (2020: EUR 87.8 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 EUR 5.3 million as at 31 December 2021 (2020: EUR 5.6 million). Inventory write-offs recognized in cost of revenues in the income statement during the financial year amounted to EUR 3.5 million (2020: EUR 3.3 million).

11 Trade receivables

	2021	2020
	EUR'000	EUR'000
Trade receivables	75,829	58,517
	75,829	58,517

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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
2021	75,829	46,657	17,720	5,653	1,634	4,165
2020	58,517	32,197	15,043	7,434	1,430	2,413

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:

	2021	2020
	EUR'000	EUR'000
Balance as at 1 January	(634)	(2,148)
(Charge) / release for the year	(273)	1,514
Balance as at 31 December	(907)	(634)

12 Other receivables and other current assets

	2021	2020
	EUR'000	EUR'000
Prepaid expenses and accrued income	11,379	6,206
Other taxes and social securities	1,687	610
Due from related companies	500	820
Other	800	637
	14,366	8,273

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

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13 Provisions

	2021	2020
	EUR'000	EUR'000
Provision for pensions	1,565	1,588
Provision for others	6,127	8,525
	7,692	10,113
Of which current provisions	(1,912)	(2,372)
Non-current provisions	5,780	7,741

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 QPharma AB have defined contribution plans and therefore no pension provision is included in the statement of financial position. In QPharma 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 QPharma 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 on the next page.

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	2021	2020
	EUR'000	EUR'000
Balance as at 1 January	1,588	1,625
Interest costs	10	11
Current service costs	184	143
Net actuarial losses through other comprehensive income	60	88
Benefits paid	(171)	(297)
Revaluation on pensions	(97)	–
Translation differences	(9)	18
Defined benefit obligation as at 31 December	1,565	1,588

Management expects the pension expenses for 2022 to approximate the expenses incurred in 2021.

	2021	2020
	EUR'000	EUR'000
Current service costs	(184)	(143)
Interest costs on benefit obligation	(10)	(11)
Net benefit expenses	(194)	(154)
Defined contribution pension expenses	(2,470)	(2,413)
Total pension expenses	(2,664)	(2,567)

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

	2021	2020
Discount rate	1.50%	0.70%
Salary increase	0.00/2.10%	0.00/2.10%
Long-term assumptions of inflation	1.50%	1.50%

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 2021.

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Provisions for others

	2021	2020
	EUR'000	EUR'000
Provision for litigations and commercial risks	1,827	1,546
Employee related provision	1,857	3,573
Provision for others	2,443	3,406
	6,127	8,525
Of which current provisions for others	(1,912)	(2,372)
Non-current provisions for others	4,215	6,153

The provisions for litigations and commercial risks relates to cases with former employees of the Company's subsidiaries, disputes with commercial partners, and fees in connection with the liquidation of a contract research organization (supplier).

Employee related provision relate to current employee risks.

The provision for 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.

Movement of the provision for others for the years was as follows:

	2021	2020
	EUR'000	EUR'000
Balance as at 1 January	8,525	5,921
Utilization	(2,603)	(2,464)
Additions	3,309	5,852
Release	(3,104)	(784)
Balance as at 31 December	6,127	8,525

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14 Interest-bearing loans and borrowings

	2021	2020
	EUR'000	EUR'000
Loan due to ING Bank		
• EUR 135,000 in 2020 at a five-year fixed interest rate of 2.70% due in quarterly instalments of EUR 11,250 ending on 30 September 2023. Loan repaid earlier in May 2021.	–	135
Loans due to Nordea Bank		
• SEK 20,019,375 (2020: SEK 24,269,875) at a variable interest rate, averaging 1.75% for 2021 (2020: 1.75%), due in quarterly instalments of SEK 449,375 ending on 31 August 2032	1,954	2,422
• SEK 42,187,500 (2020: SEK 42,187,500) at a variable interest rate, averaging 1.75% for 2021, due in quarterly instalments of SEK 562,500 ending on 31 August 2040	4,117	4,209
Loans due to AMCO Asset Management Company S.P.A.		
• EUR 3,000,000 immediately due	3,000	8,467
• USD 695,110 in 2020 (settled in 2021)	–	566
Loans due to Moldova Agroindbank		
• EUR 3,818,980 (2020: EUR 3,520,250) at a fixed interest rate of 5.50%, due in instalments ending on 31 December 2022	3,819	3,520
• USD 758,750 (2020: USD 998,750) at a fixed interest rate of 5.50%, due in instalments ending on 31 December 2022	670	814
Loan due to Temporell Invest Ltd.		
• EUR 333,000 (2020: EUR 333,000) at a fixed interest rate of 2.45%, due on 30 November 2022	333	333
Loans due to Alfa Bank		
• RUB 22,571,985 at a fixed interest rate of 12%, due in instalments ending on 30 January 2022	266	–
• RUB 180,000,000 at a fixed interest rate of 10%, due in instalments ending on 14 June 2022	2,121	–
• RUB 50,000,000 at a fixed interest rate of 10%, due in instalments ending on 14 June 2022	589	–
	16,869	20,466
Of which current interest-bearing loans and borrowings	(11,194)	(13,816)
Non-current interest-bearing loans and borrowings	5,675	6,650

SEVER Life Sciences B.V. has issued a guarantee in connection with the loan due to Nordea Bank (reference is made to Note 20).

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During 2018, the loans from Eximbank were assigned to Veneto Banca under mandatory administrative liquidation. Thereafter, the loans were assigned by Veneto Banca to AMCO Asset Management Company S.P.A. As such, the Company's subsidiary Farmaprim S.R.L. ceased all payments and classified the amounts involved as current interest-bearing loans and borrowings. In 2021 the Company's subsidiary Farmaprim S.R.L. came to a settlement with the liquidator to settle the debt and interest, resulting in the recognition of a financial income of EUR 4.3 million (reference is made to Note 3).

The Company's subsidiary Farmaprim S.R.L. continues to be in breach with the covenants related to the loans due to Moldova Agroindbank with a carrying value of EUR 4.2 million (2020: EUR 4.3 million). The current liquidity ratio of Farmaprim S.R.L. as at 31 December 2021 is 1,07 (2020: 0.32), while its should have been at least 1.3. In addition, the debt service coverage ratio of Farmaprim S.R.L. as at 31 December 2021 was 10.39 (2020: -2.49) while it should have been at least 1.22 and the leverage as at 31 December 2021 was 2.29 (2020: -4.33) while it should have been at least 2.3. Due to this breach of covenants, the loans due to Moldova Agroindbank are due on demand and recorded under current interest-bearing loans.

The Company's subsidiary Farmaprim S.R.L pledged equipment to the Moldova Agroindbank.

15 Short-term borrowings from banks

The Group is granted overdraft facilities for a total amount of EUR 49.2 million (2020: EUR 45.5 million). The available overdraft facilities relate to a EUR 35.0 million (2020: EUR 30.0 million) facility from Danske Bank, a EUR 8.8 million / USD 10.0 million (2020: EUR 12.2 million / USD 15.0 million) facility from JP Morgan Chase Bank and some smaller facilities from other banks with a total amount of EUR 5.4 million (2020: 5.5 million).

As at 31 December 2021, EUR 32.3 million (2020: EUR 19.8 million) was drawn from the Danske Bank facility and EUR 3.0 million (2020: EUR 2.1 million) was drawn from the smaller facilities. The interest rate on the Danske Bank facility amounts to Danske BOR for Euros plus a margin fixed by the bank of currently 1.50% (2020: Danske BOR for Euros plus a margin fixed by the bank, averaging 1.50%).

The Company and its subsidiaries have issued a guarantee to the Danske Bank for the EUR 35 million overdraft facility obtained by the Group (2020: for the EUR 30 million overdraft facility). Nordic Group B.V. and its subsidiaries have signed Negative Pledge Declarations to Danske Bank in connection with these facilities (reference is made to Note 20).

The interest rate on the facility from JP Morgan Chase Bank amounts to USD LIBOR plus 1.50%. In addition, an unutilized facility fee of 0.25% is charged daily to the spread between the total facility and the end of day outstanding facility balance. No amounts were drawn under this facility as at 31 December 2021 (2020: no funds).

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16 Other financial liabilities

	2021	2020
	EUR'000	EUR'000
Contingent consideration relation to the acquisition of:		
• Foster Delivery Science Inc. (reference is made to Note 9)	5,764	–
• Celopharma Inc.	4,884	8,463
• Linepharma International Ltd.	3,000	3,000
Other	420	257
	14,068	11,720
Of which current other financial liabilities	(4,626)	(4,097)
Non-current other financial liabilities	9,442	7,623

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 (EUR 14.1 million) of which USD 9.5 million (EUR 8.3 million) relates to fixed consideration and USD 6.5 (EUR 5.8 million) million relates to contingent consideration based upon performance and consists of two milestone payments (reference is made to Note 9).

Ccontingent consideration related to acquisition of Celopharma 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.

The total maximum consideration payable for the shares amounts to CAD 32.0 million (EUR 21.2 million) of which CAD 28.0 million (EUR 18.5 million) relates to fixed consideration and CAD 4.0 (EUR 2.7 million) million relates to a variable (contingent) consideration based upon future sales.

The variable (contingent) part of the consideration consists of a maximum annual payment of CAD 1 million (EUR 0.7 million) in the years 2020 to 2023 in case annual revenues in those respective years are at least CAD 25 million. Any lower revenues will result reduction of the variable consideration by an amount equal to 4% of the shortfall in revenues. Based upon a four-year forecast, management estimated a total payable in connection with the variable consideration discounted at 3% of CAD 1.7 million (EUR 1.1 million).

In 2021, the fixed consideration has been partly settled for an amount of CAD 6 million and the variable consideration is settled for an amount of CAD 0.5 million.

Contingent consideration related to acquisition of Linepharma International Ltd.
This contingent consideration results from the Share Purchase Agreement that was signed on 23 June 2016 between Amring Holding S.A. and the previous shareholders of Linepharma

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International Limited for the acquisitions of all shares in this company. Amring Holding S.A. has to pay the previous shareholders an additional consideration of EUR 3.0 million once Linepharma International Limited has obtained a market authorization of a specified product in a specified territory. Management is confident that this market authorization will ultimately be obtained.

17 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 2020	3,747	1,811	5,558
Transfer	(120)	120	–
Additions	4,686	944	5,630
Disposals	(562)	(59)	(621)
Depreciation	(1,519)	(924)	(2,443)
Currency exchange differences	(76)	17	(59)
Balance as at 31 December 2020	6,156	1,909	8,065
Balance as at 31 December 2020	6,156	1,909	8,065
Share premium contribution in kind (Note 8)	921	–	921
Balance as at 1 January 2021	7,077	1,909	8,986
Balance as at 1 January 2021	7,077	1,909	8,986
Additions	957	4,779	5,736
Disposals	(577)	(94)	(671)
Depreciation	(1,444)	(1,238)	(2,682)
Currency exchange differences	143	(41)	102
Balance as at 31 December 2021	6,156	5,315	11,471

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.

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

	2021	2020
	EUR'000	EUR'000
Balance as at 1 January	8,192	5,664
Share premium contribution in kind (Note 8)	987	–
Additions	5,664	5,762
Disposals	(644)	(777)
Accretion of interest	208	150
Payments	(2,824)	(2,541)
Currency exchange differences	113	(66)
Balance as at 31 December	11,696	8,192
Of which current lease liabilities	(2,893)	(2,024)
Non-current lease liabilities	8,803	6,168

The following amounts are recognized in the income statement:

	2021	2020
	EUR'000	EUR'000
Depreciation expenses of right-of-use assets	2,682	2,443
Interest expenses on lease liabilities	208	150
Expenses related to short-term leases (included in G&A expenses)	123	68
Expenses included in leases of low-value assets (included in G&A expenses)	13	72
Total amount recognized in the income statement	3,026	2,733

During 2021, the Group had cash outflows for a total amount of EUR 2.8 million (2020: EUR 2.5 million) in connection with leases.

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18 Trade and other payables

	2021	2020
	EUR'000	EUR'000
Trade payables	21,016	15,166
	21,016	15,166
Accrued customer returns	2,255	4,157
Accrued rebates	318	1,721
Accrued bonusses	3,487	5,171
Accrued holiday expenses	3,126	2,157
Other accrued expenses	16,765	12,279
Taxes and social securities	4,799	3,404
Due to related companies	59	1,985
Other current liabilities	2,536	2,891
	33,345	33,765

19 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 2021, the Group is not committed to a portfolio of short-term leases (reference is made to Note 17).

20 Guarantees

The Company and its subsidiaries have issued a guarantee to the Danske Bank for the EUR 35 million overdraft facility obtained by the Group (2020: for the EUR 30 million overdraft facility). Nordic Group B.V. and its subsidiaries have signed Negative Pledge Declarations to Danske Bank in connection with these facilities (reference is made to Note 15).

In addition to the above, the Company also issued a guarantee to Nordea Bank in connection with the loan to a maximum of SEK 50 million (EUR 4.8 million) from its subsidiary QPharma AB (reference is made to Note 15).

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21 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.	2021	–	(322)	–	–
Draupnir Holding B.V.	2020	–	(829)	–	–
Other related entities:					
Thalamus AB	2021	–	–	–	–
Thalamus AB	2020	–	–	–	(82)
Ferring Group	2021	10,084	(1,413)	500	(59)
Ferring Group	2020	6,830	(7,969)	1,088	(2,015)
Temporell Invest Ltd.	2021	–	(9)	–	(333)
Temporell Invest Ltd.	2020	–	(9)	–	(333)

Purchases from and amounts due from Draupnir Holding B.V. relate to service fees and insurance fees. Reference is made to Note 8 for information with respect to business combinations under common control.

Amounts due to Thalamus AB relate to deferred payments on the acquisition of land. Income and amounts receivable from the Ferring Group relates to sale of goods and the acquisition of Lysteda brand.

Purchases from and amounts payable to the Ferring Group relates to purchases of goods and royalties payable, tech transfer of products and the completion of a sterile filling project.

Purchases and amounts due to Temporell Invest Ltd. relate to an interest-bearing loan (reference is made to Note 14).

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

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Transactions with key management personnel

Compensation of key management personnel of the Group:

	2021	2020
	EUR'000	EUR'000
Salaries and short-term employee benefits	2,033	1,857
Post-employment pension benefit	213	125
Total compensation paid to key management personnel	2,246	1,982

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel, of which nil (2020: nil) relates to remuneration of Managing Directors.

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22 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 2020	12,532	13,831	18,786	5,664	16,132
Cash flows	(5,581)	(225)	3,071	(2,541)	(4,481)
Non-cash flows:					
- Additions	–	–	–	5,762	–
- Accrued interest	–	–	–	150	–
- Disposals	–	–	–	(777)	–
- Transfer	(210)	210	–	–	–
- Currency exchange differences	(91)	–	–	(66)	69
Balance as at 31 December 2020	6,650	13,816	21,857	8,192	11,720
Balance as at 1 January 2021	6,650	13,816	21,857	8,192	11,720
Cash flows	(90)	(24)	13,402	(2,824)	(4,394)
Non-cash flows:					
- Additions	–	–	–	5,664	5,764
- Accrued interest	–	–	–	208	206
- Share premium contribution in kind (Note 8)	–	529	–	987	159
- Settlement loans (Note 14)	–	(4,162)	–	–	–
- Disposals	–	–	–	(644)	–
- Transfer	(729)	729	–	–	–
- Currency exchange differences	(156)	306	–	113	613
Balance as at 31 December 2021	5,675	11,194	35,259	11,696	14,068

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23 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's end 31 December 2021 and 2020. 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 value of pension 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 2021 and 2020.

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.

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The table hereunder demonstrates 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 2021		
	+15	(58)
	+20	(77)
	(10)	38
	(15)	58
As at 31 December 2020		
	+15	(40)
	+20	(53)
	(10)	26
	(15)	40

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 volumes 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 on 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 functional currency of the operations. The Group does not enter into derivative transactions.

Foreign currency sensitivity

The tables hereunder demonstrate the sensitivity to a reasonably possible change in the Swedish Krona and US Dollar 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.

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	Effect on profit before tax		Effect on equity	
	2021	2020	**2021**	2020
	EUR'000	EUR'000	EUR'000	EUR'000
Change in SEK rate				
4%	101	172	–	–
(4%)	(101)	(172)	–	–
Change in USD rate				
4%	64	610	–	–
(4%)	(64)	(610)	–	–
Change in RUB rate				
4%	347	610	–	–
(4%)	(347)	(610)	–	–

Credit risk

Credit risk is the risk that 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.

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The table below summarizes the maturity profile of the Group's financial liabilities at 31 December of each year based on contractual undiscounted payments.

	On demand	Less than 3 months	3 -12 months	1 – 5 years	More than 5 years	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2021						
Interest-bearing loans and borrowings	(3,302)	(2,795)	(5,507)	(1,580)	(4,097)	(17,281)
Lease liabilities	–	(811)	(2,316)	(6,973)	(2,218)	(12,318)
Short-term borrowings from banks	(35,259)	–	–	–	–	(35,259)
Other financial liabilities	–	(4,498)	–	(9,863)	–	(14,361)
Trade payables	(17,089)	(3,217)	(710)	–	–	(21,016)
Other payables	(920)	(4,021)	(28,404)	–	–	(33,345)
	(56,570)	(15,342)	(36,937)	(18,416)	(6,315)	(133,580)
31 December 2020						
Interest-bearing loans and borrowings	(13,378)	(124)	(406)	(2,329)	(4,553)	(20,790)
Lease liabilities	–	(510)	(1,531)	(5,524)	(1,018)	(8,583)
Short-term borrowings from banks	(21,857)	–	–	–	–	(21,857)
Other financial liabilities	–	(4,095)	–	(7,945)	–	(12,040)
Trade payables	(1,737)	(10,979)	(2,450)	–	–	(15,166)
Other payables	(932)	(4,071)	(28,762)	–	–	(33,765)
	(37,904)	(19,779)	(33,149)	(15,798)	(5,571)	(112,201)

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, in light of 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's end 31 December 2021. 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's end 31 December.

	2021	2020
	EUR'000	EUR'000
Total shareholder equity	167,429	107,155
Total equity and liabilities	312,653	233,674
Shareholder equity ratio	54%	46%

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24 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
As at 31 December 2021	EUR'000	EUR'000	EUR'000
Financial assets			
Non-current financial assets (7)	742	–	742
Trade receivables (11)	–	75,829	75,829
Other receivables and other current assets (12)	–	14,366	14,366
Cash and cash equivalents	–	24,053	24,053
	742	114,248	114,990
Financial liabilities			
Interest-bearing loans and borrowings (14)	–	16,869	16,869
Short-term borrowings from banks (15)	–	35,259	35,259
Other financial liabilities (16)	–	14,068	14,068
Lease liabilities (17)	–	11,696	11,696
Trade payables (18)	–	21,016	21,016
Other payables and other current liabilities (18)	–	33,345	33,345
	–	132,253	132,253
As at 31 December 2020			
Financial assets			
Non-current financial assets (7)	432	–	432
Trade receivables (11)	–	58,517	58,517
Other receivables and other current assets (12)	–	8,273	8,273
Cash and cash equivalents	–	18,007	18,007
	432	84,797	85,229
Financial liabilities			
Interest-bearing loans and borrowings (14)	–	20,466	20,466
Short-term borrowings from banks (15)	–	21,857	21,857
Other financial liabilities (16)	875	10,845	11,720
Lease liabilities (17)	–	8,192	8,192
Trade payables (18)	–	15,166	15,166
Other payables and other current liabilities (18)	–	33,765	33,765
	875	110,291	111,166

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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 2021		
Financial assets		
Non-current financial assets	742	742
Financial liabilities		
Interest-bearing loans and borrowings	(16,869)	(16,869)
Other financial liabilities	(14,068)	(14,068)
As at 31 December 2020		
Financial assets		
Non-current financial assets	432	432
Financial liabilities		
Interest-bearing loans and borrowings	(20,466)	(20,466)
Other financial liabilities	(11,720)	(11,720)

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.

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 2021			
Financial assets			
Other financial assets	742	–	–
Financial liabilities			
Interest-bearing loans and borrowings	–	(16,869)	–
Other financial liabilities	–	(13,643)	(425)

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	Level 1	Level 2	Level 3
	EUR'000	EUR'000	EUR'000
As at 31 December 2020			
Financial assets			
Other financial assets	432	–	–
Financial liabilities			
Interest-bearing loans and borrowings	–	(20,466)	–
Other financial liabilities	–	(10,845)	(875)

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.

25 Subsequent events

Through its Russian subsidiaries, which employ some four hundred employees, the Group is involved in the development, production and supply of essential medicines to patients in Russia.

Whilst pharmaceutical products are generally exempt from the international sanctions being applied to Russia, the range of restrictive measures imposed after 24 February 2022 have resulted in difficulties in sourcing raw materials and components, Ruble exchange rate issues as well as financing and cash flow restrictions.

In view of the above developments, Group management has decided to freeze with immediate effect new capital investments, suspend all major marketing investments and defer the initiation of new clinical trials in Russia. The aforementioned situation will have a potential impact on the Group's profit and loss in the financial year 2022 and will negatively affect the Group's equity by approximately EUR 42 million based on the statement of financial position per 31 December 2021 assuming no realizable value. In this connection reference is made to the consolidated key figures of the Russian activities as at 31 December 2021 stated below.

	EUR'000
Non-current assets	18,842
Current assets	33,075
Non-current liabilities (including loan from parent company)	(16,471)
Current liabilities	(8,466)
Impairment total net assets of Russian interest	26,980
Impairment loan receivable on Russian interest	15,452
Total	42,432

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The Group will continue to closely monitor development of the situation and is currently investigating the future of the Group's interest in Russia.

There have been no other significant events subsequent to the financial year 2021, which would require additional disclosure in the financial statements.

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COMPANY INCOME STATEMENT
for the year ended 31 December 2021

	2021		2020	
	EUR'000	EUR'000	EUR'000	EUR'000
Net result from company activities		2,080		170
Net result from investments in subsidiaries (3)		17,490		13,202
Result for the year		19,570		13,372

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COMPANY STATEMENT OF FINANCIAL POSITION
31 December 2021
(before appropriation of net profit)

A s s e t s

	2021		2020	
	EUR'000	EUR'000	EUR'000	EUR'000
Non-current assets				
Property, plant and equipment	46		–	
Investments in subsidiaries (3)	149,714		115,368	
Loans to subsidiaries (4)	35,721		6,910	
Right-of-use assets	413		33	
Deferred income tax assets	1,518		–	
Total non-current assets		187,412		122,311
Current assets				
Cash and cash equivalents	117		28	
Receivables due from group companies (10)	51,253		43,133	
Other receivables and other current assets	2,762		1,715	
Total current assets		54,132		44,876
Total assets		241,544		167,187

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Equity and liabilities

	2021		2020	
	EUR'000	EUR'000	EUR'000	EUR'000
Shareholder's equity (5)				
Issued capital	500		500	
Share premium	124,510		89,510	
Translation reserve	(241)		(5,690)	
Retained earnings	23,439		10,109	
Result for the year	19,570		13,372	
Total equity		167,778		107,801
Non-current liabilities				
Long-term loans from subsidiaries (6)	10,233		15,762	
Lease liabilities	302		22	
Total non-current liabilities		10,535		15,784
Current liabilities				
Trade payables	33		86	
Payables due to group companies (7)	30,193		23,370	
Short-term borrowings from banks	32,333		19,758	
Other receivables and other current assets	565		376	
Lease liabilities	107		12	
Total current liabilities		63,231		43,602
Total shareholder's equity and liabilities		241,544		167,187

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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 with number 74996207.

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

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 Foundation Mamont, a foundation registered on Guernsey.

During 2021, Mr. M. Pettigrew, Mr. E.C. Turner and Mr. L.P. Brunse resigned from the Company's Board of Directors ('the Board'). As at 31 December 2021, the Board consisted of Mr. J.D. Hobbs, Mr. H. Schram and Mr. E.H.M. Schropp.

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 Euro, unless otherwise indicated.

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3 Investment in subsidiaries

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

Name	Location	Percentage of ownership **2021**	2020
Directly held:			
QPharma AB	Sweden, Malmö	100%	100%
SPS Swedish Holdco AB	Sweden, Malmö	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%
Disphar International B.V.	The Netherlands, Vorden	100%	100%
Amring Pharmaceuticals Inc.	U.S.A., Parsippany, NJ	100%	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%
Celopharma 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%
Nordic Pharmaceuticals Limited	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%
Nordic Pharma GmbH	Switzerland, Zurich	100%	100%
SEVER Pharmaceuticals S.A.	Switzerland, St. Prex	100%	100%
Nordic Pharma Ltd.	United Kingdom, Windsor	100%	100%
Linepharma International Limited	United Kingdom, London	100%	100%
Amring Capital LLC	U.S.A., Delaware	100%	100%
Altacor LLC	U.S.A., Delaware	100%	100%

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Name	Location	Percentage of ownership **2021**	2020
Linepharma LLC	U.S.A., Delaware	100%	100%
SPS US Holding Inc.	U.S.A., Delaware	100%	–
SPS US Operations Inc.	U.S.A., Delaware	100%	–
Foster Delivery Science Inc.	U.S.A., Connecticut	100%	–
Science Hill Realty LLC	U.S.A., Connecticut	100%	–

Percentage of voting shares is equal to percentage of ownership.

On 5 May 2020, Amring Pharmaceuticals S.A. changed its name to SEVER Pharmaceuticals S.A. and on 05 May 2020 SEVER Pharmaceuticals S.A. changed its name to SEVER Life Sciences S.A.

On 29 May 2020, Linepharma KK was incorporated.

On 15 November 2021, Amring S.a.r.l. changed its name into Linepharma S.a.r.l.

On 12 April 2021, Women Health Protection LLC changed its name to Linepharma International LLC and on 17 May 2021, Linepharma International LLC changed its name to Linepharma LLC.

On 10 October 2021, SEVER life Sciences B.V. acquired all shares in Grundbulten 102930 AB, who changed its name into SPS Swedish Holdco AB.

On 19 October 2021, both SPS US Holding Inc. and SPS US Operations Inc were incorporated.

Changes in investment in subsidiaries are as follows:

	EUR'000
Balance as at 1 January 2020	100,874
Acquisition of subsidiaries	7,000
Dividends	(3,000)
Net result from investments in subsidiaries	13,202
Re-measurement gains (losses) on defined benefit plans	(60)
Currency exchange differences	(2,648)
Balance as at 31 December 2020	115,368
Balance as at 1 January 2021	115,368
Contribution of subsidiaries	11,449
Net result from investments in subsidiaries	17,490
Re-measurement gains (losses) on defined benefit plans	(42)
Currency exchange differences	5,449
Balance as at 31 December 2021	149,714

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On 18 May 2021, effectively 1 January 2021, the Company's shareholder Draupnir Holding B.V. contributed its shares in Izvarino Farma AB for an amount of EUR 35.0 million to the Company (reference is made to Note 5 of the consolidated financial statements). Part of the contribution is the assignment of a loan to the Company, which makes the net contribution value EUR 11.4 million (reference is made to Note 4).

On 5 November 2021, the Group acquired all shares in Foster Delivery Science Inc. and Science Hill Realty LLC (reference is made to Note 9).

On 17 December 2021, effectively 1 January 2021, the subsidiary Nordic Group B.V distributed all its shares in Amring Holding S.A.to the Company for a total consideration of EUR 10.2 million.

On 12 December 2019, effectively 1 January 2020, the Company's subsidiary Nordic Group B.V. sold its shares in Disphar International B.V. to the Company for a total consideration of EUR 7.0 million.

On 15 May 2020, the Company received a EUR 3,000,000 non-cash dividend from its subsidiary Disphar International B.V.

4 Loans to subsidiaries

	2021	2020
	EUR'000	EUR'000
Euro loan with QPharma AB	2,721	5,421
Euro Loan with SPS Swedish Holdco AB	7,974	–
Euro loan with Izvarino Farma AB	23,570	–
SEK loan with QPharma AB	1,456	1,489
Balance as at 31 December 2021	35,721	6,910

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

	Euro Loan
	EUR'000
Balance as at 1 January 2020	–
Additions	6,821
Repayments	(1,400)
Balance as at 31 December 2020	5,421
Balance as at 1 January 2021	5,421
Additions	7,974
Contribution	23,570
Repayments	(2,700)
Balance as at 31 December 2021	34,265

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The loan in Euro due from QPharma AB is provided under a mutual Euro Credit facility agreement. The maximum amount of the facility is EUR 10 million at twelve-month EURIBOR plus a margin of 1.60% for 2020, ending on 31 December 2025.

The loan in Euro due from Izvarino Farma AB is provided under a mutual Euro Credit facility agreement. The maximum amount of the facility is EUR 25 million at twelve-month EURIBOR plus a margin of 4.50% for 2021, ending on 31 December 2026.

The loan in Euro due from SPS Swedish Holdco AB is provided under a mutual Euro Credit facility agreement. The maximum amount of the facility is EUR 17 million at twelve-month EURIBOR plus a margin of 1.60% for 2021, ending on 31 December 2026.

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

	SEK Loan
	EUR '000
Balance as at 1 January 2020	–
Additions	4,489
Repayments	(3,000)
Balance as at 31 December 2020	1,489
Balance as at 1 January 2021	1,489
Exchange Rate	(33)
Balance as at 31 December 2021	1,456

The loan in SEK due from QPharma AB is provided under a SEK Credit facility agreement. The maximum amount of the facility is SEK 45 million at twelve-month EURIBOR plus a margin of 1.60% for 2020, ending on 31 December 2025.

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5 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 2020	500	89,510	(3,042)	455	9,714	97,137
Result for the year	–	–	–	–	13,372	13,372
Re-measurement gains (losses) on defined benefit plans	–	–	–	(60)	–	(60)
Currency translation adjustment	–	–	(2,648)	–	–	(2,648)
Total comprehensive income	–	–	(2,648)	(60)	13,372	10,664
Appropriation profit previous year	–	–	–	9,714	(9,714)	–
Balance at 31 December 2020	500	89,510	(5,690)	10,109	13,372	107,801
Balance at 1 January 2021	500	89,510	(5,690)	10,109	13,372	107,801
Result for the year	–	–	–	–	19,570	19,570
Re-measurement gains (losses) on defined benefit plans	–	–	–	(42)	–	(42)
Currency translation adjustment	–	–	5,449	–	–	5,449
Total comprehensive income	–	–	5,449	(42)	19,570	24,977
Share premium contribution in kind	–	35,000	–	–	–	35,000
Appropriation profit previous year	–	–	–	13,372	(13,372)	–
Balance at 31 December 2021	500	124,510	(241)	23,439	19,570	167,778

The issued share capital as at 31 December 2021 comprised 500,000 shares (2020: 500,000) of EUR 1.00 (2020: EUR 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 15 May 2021, effectively 1 January 2021, the Company's shareholder Draupnir Holding B.V. contributed its shares in Izvarino Farma AB for an amount of EUR 11.5 million plus a receivable on Izvarino Farma AB for an amount of EUR 23.5 million via a share premium contribution in kind to the Company.

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6 Loans from subsidiaries

	2021	2020
	EUR'000	EUR'000
Euro loan with Nordic Group BV	8,777	11,424
SEK loan with Nordic Group BV	1,456	1,488
USD loan with Amring Inc.	–	2,850
	10,233	15,762

Changes in loans from subsidiaries are as follows:

	Euro Loan
	EUR'000
Balance as at 1 January 2020	–
Additions	17,344
Repayments	(5,920)
Balance as at 31 December 2020	11,424
Balance as at 1 January 2021	11,424
Netting of intercompany positions	(2,647)
Balance as at 31 December 2021	8,777

The loan in Euro due to Nordic Group BV is provided under a mutual Euro Credit facility agreement. The maximum amount of the facility is EUR 10 million at twelve-month EURIBOR plus a margin of 1.60% for 2021, ending on 31 December 2025.

	SEK Loan
	EUR '000
Balance as at 1 January 2020	–
Additions	4,488
Repayments	(3,000)
Balance as at 31 December 2020	1,488
Balance as at 1 January 2021	1,488
Exchange rate	(32)
Balance as at 31 December 2021	1,456

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The loan in SEK due from due to Nordic Group BV is provided under a SEK Credit facility agreement. The maximum amount of the facility is SEK 45 million at twelve-month EURIBOR plus a margin of 1.60% for 2021, ending on 31 December 2025.

	USD Loan EUR '000
Balance as at 1 January 2020	–
Additions	2,850
Balance as at 31 December 2020	2,850
Balance as at 1 January 2021	2,850
Repayment	(3,017)
Exchange Rate	167
Balance as at 31 December 2021	–

The loan in USD due to Amring Inc. is provided under a Credit facility agreement. The maximum amount of the facility is USD 10 million at quarterly USD Libor plus a margin of 1.00% for 2021, ending on 31 December 2025.

7 Payables due to group companies

	2021	2020
	EUR'000	EUR'000
Payables to group companies	540	11
Danske Bank cash pool (Note 10)	29,653	23,359
	30,193	23,370

8 Contingent liabilities and commitments

The Company has no contingent liabilities and/or commitments as at 31 December 2021 (2020: none).

9 Employee information

The Company had two employees during 2021 (2020: none).

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10 Guarantees

The Company has signed a guarantee in connection with the Danske Bank EUR 35 million term multi option facility of its subsidiary Nordic Group B.V. (2020: in connection with the Danske Bank EUR 30.0 million term multi option facility of its subsidiary Nordic Group B.V.).

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.

The Company has issued no other guarantees as at 31 December 2021 (2020: no other guarantees).

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.	2021	–	(322)	–	–
Draupnir Holding B.V.	2020	–	(500)	–	–
Other related entities:					
Nordic Group B.V.	2021	1,573	(192)	–	(10,233)
Nordic Group B.V.	2020	807	(60)	807	(12,971)
QPharma AB	2021	340	–	4,177	(35)
QPharma AB	2020	329	–	7,240	–
Amring Inc.	2021	–	(42)	–	(2)
Amring Inc.	2020	–	(9)	–	(2,857)
SEVER Pharmaceuticals SA	2021	–	–	–	–
SEVER Pharmaceuticals SA	2020	–	(53)	–	11
Disphar International B.V.	2021	160	–	–	(65)
Disphar International B.V.	2020	134	–	134	–
Izvarino Farma AB	2021	1,240	–	23,570	–
Izvarino Farma AB	2020	–	–	–	–

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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
SPS Swedish Holdco AB	2021	19	–	7,974	–
SPS Swedish Holdco AB	2020	–	–	–	–
Nordic Pharma BV	2021	–	–	223	–
Nordic Pharma BV	2020	–	–	–	–

Purchases from Draupnir Holding B.V. relate to service and product liability insurance fees.

Amounts due to Nordic Group B.V. relate to the closing of the cash pool amount and corporate income due to the fiscal unity.

Amounts due from QPharma AB relate to service fees and interest on a loan receivable (Note 4).

Amounts due from Amring Inc. relate to interest on a loan payable.

Amounts due to SEVER Pharmaceuticals SA relate to recharged costs.

Amounts due from Disphar International B.V. relate to service, product liability insurance fees and corporate income due to the fiscal unity

Amounts due from Izvarino Farma AB relate to service fees and interest on a loan receivable (Note 4).

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

Amounts due from Nordic Pharma BV relate to corporate income due to the fiscal unity.

All outstanding balances with related parties as at 31 December 2021 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.

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Due to the transfer of the Danske Bank cash pool into an Uncommitted Multi Option Facility Agreement the following related party receivables and payables were created:

Receivables	**2021**	2020
	EUR'000	EUR'000
Nordic Pharma B.V.	7,048	9,998
Nordic Group B.V.	42,874	31,750
Nordic Pharma Ltd	1,331	1,385
Balance as at 31 December	51,253	43,133

Payables	**2021**	2020
	EUR'000	EUR'000
Nordic Pharma GmbH	–	378
Nordic Drugs AB (Finland)	787	311
Nordic Pharma GmbH (Swiss)	3,417	344
Exelgyn SAS	15,377	16,776
Nordic Drugs AB	1,398	3,249
Nordic Pharma SAS	8,605	2,301
Disphar International B.V.	69	–
Balance as at 31 December	29,653	23,359

Remuneration of the Board of Directors

The Company was not charged for any remuneration of its Managing Directors during the year 2021 (2020: not charged). The total remuneration of Managing Directors charged to subsidiaries amounts to nil (2020: nil).

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
2021			
Audit of financial statements	216	137	353
Total	216	137	353

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2020	BDO Audit & Assurance B.V.	Other BDO companies	**Total**
	EUR'000	EUR'000	EUR'000
Audit of financial statements	150	109	259
Total	150	109	259

13 Proposed appropriation of net result

During the year the Company recorded a net profit of EUR 19,570 thousand. The Managing Directors propose to add this net profit to the retained earnings.

14 Subsequent events

Through its Russian subsidiaries, which employ some four hundred employees, the Group is involved in the development, production and supply of essential medicines to patients in Russia.

Whilst pharmaceutical products are generally exempt from the international sanctions being applied to Russia, the range of restrictive measures imposed after 24 February 2022 have resulted in difficulties in sourcing raw materials and components, Ruble exchange rate issues as well as financing and cash flow restrictions.

In view of the above developments, Group management has decided to freeze with immediate effect new capital investments, suspend all major marketing investments and defer the initiation of new clinical trials in Russia.

The aforementioned situation will have a potential impact on the Group's profit and loss in the financial year 2022 and will negatively affect the Group's equity by approximately EUR 42 million based on the statement of financial position per 31 December 2021 assuming no realizable value. In this connection reference is made to the consolidated key figures of the Russian activities as at 31 December 2021 stated below.

	EUR'000
Non-current assets	18,842
Current assets	33,075
Non-current liabilities (including loan from parent company)	(16,471)
Current liabilities	(8,466)
Impairment total net assets of Russian interest	26,980
Impairment loan receivable on Russian interest	15,452
Total	42,432

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The Group will continue to closely monitor development of the situation and is currently investigating the future of the Group's interest in Russia.

There have been no other significant events subsequent to the financial year 2021, which would require additional disclosure in the financial statements.

* * * * *

Hoofddorp, 25 May 2022

Managing Directors

J.D. Hobbs
(Chairman)

E.H.M. Schropp

H. Schram

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OTHER INFORMATION

Statutory rules concerning appropriation of 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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Independent auditor's report

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

A Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 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 2021 and of its result and its cash flows for 2021 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 2021 and of its result for 2021 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 2021;
2. the following statements for 2021: the consolidated income statement, the consolidated statements of other comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company statement of financial position as at 31 December 2021;
2. the company income statement for 2021; and
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.

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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.

Emphasis of matter in relation to the impact of the Ukraine/Russia conflict
We draw attention to the subsequent events note on page 72 and 88 of the financial statements, which describes the (expected) consequences and decisions made by management as a result of the Ukraine/Russia conflict for SEVER Life Sciences B.V. We have not modified our audit opinion as a result of this matter.

B. 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 Directors' 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 Managing Directors' 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.

C. Description of responsibilities regarding the financial statements

Responsibilities of management 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.

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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 management 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, 25 May 2022

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

sgd.
A.P. van Veen RA