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Årsredovisning

för

Izvarino Farma AB

556687-3591

Räkenskapsåret

2022

Fastställelseintyg

Undertecknad styrelseledamot i Izvarino Farma AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2023-06-28 Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

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

Malmö 2023-06-28.

Kristian Lundius

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Styrelsen och verkställande direktören för Izvarino Farma AB avger följande årsredovisning för räkenskapsåret 2022.

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

Förvaltningsberättelse

Information om verksamheten

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

Bolagets dotterbolag Izvarino Pharma LLC, med säte i Moskva, bedriver produktion, marknadsföring och försäljning av viktiga farmaceutiska produkter till patienter i Ryssland.

Företaget har sitt säte i Malmö.

Väsentliga händelser under räkenskapsåret

Med tanke på de senaste händelserna i Ukraina undersöks möjligheten att avyttra Izvarino Pharma LLC. Någon formell avyttringsprocess har ännu inte inletts men avsikten är att avyttra andelarna på ett ansvarsfullt sätt. Bolaget är medvetet om att en avyttring, givet den övergripande politiska situtationen i Ryssland samt potentiella direkta eller indirekta restriktioner på avyttringar, skulle medföra att värdet av andelarna försämras avsevärt.

Ägarförhållanden

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

Flerårsöversikt (KEUR)	**2022**	**2021**	**2020**	**2019**
Nettoomsättning	0	0	0	0
Resultat efter finansiella poster	-337	-1 065	-3 123	9 087
Balansomslutning	35 163	32 882	32 911	32 303
Soliditet (%)	22	24	28	38

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

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Förändringar i eget kapital

	Aktie-kapital	Fri överkurs-fond	Balanserat resultat	Årets resultat	Totalt
Belopp vid årets ingång	26 711	8 583 002	462 872	-1 065 252	**8 007 333**
Disposition enligt beslut av årsstämman:					
Balanseras i ny räkning			-1 065 252	1 065 252	**0**
Årets resultat				-336 511	**-336 511**
Belopp vid årets utgång	**26 711**	**8 583 002**	**-602 380**	**-336 511**	**7 670 822**

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

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel (EUR):

fri överkursfond	8 583 002
ansamlad förlust	-602 380
årets förlust	-336 511
	7 644 111
disponeras så att	
i ny räkning överföres	7 644 111
	7 644 111

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

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Resultaträkning

	Not	2022-01-01 -2022-12-31	2021-01-01 -2021-12-31
Rörelsens kostnader			
Övriga externa kostnader		-73 531	-273 140
		-73 531	**-273 140**
Rörelseresultat		**-73 531**	**-273 140**
Resultat från finansiella poster			
Övriga ränteintäkter och liknande resultatposter	2	873 415	283 331
Räntekostnader och liknande resultatposter	3	-1 136 395	-1 075 443
		-262 980	**-792 112**
Resultat efter finansiella poster		**-336 511**	**-1 065 252**
Resultat före skatt		**-336 511**	**-1 065 252**
Årets resultat		**-336 511**	**-1 065 252**

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Balansräkning

	Not	2022-12-31	2021-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Koncessioner, patent, licenser, varumärken samt liknande rättigheter	4	64 661	50 000
		64 661	**50 000**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	5	15 908 777	15 908 777
Fordringar hos koncernföretag	6	18 657 857	15 519 919
Andra långfristiga fordringar	7	470 000	320 000
		35 036 634	**31 748 696**
Summa anläggningstillgångar		**35 101 295**	**31 798 696**
Omsättningstillgångar			
Kortfristiga fordringar			
Övriga fordringar		689	0
Förutbetalda kostnader och upplupna intäkter		17 636	316
		18 325	**316**
Kassa och bank		43 426	1 083 412
Summa omsättningstillgångar		**61 751**	**1 083 728**
SUMMA TILLGÅNGAR		**35 163 046**	**32 882 424**

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Balansräkning

	Not	2022-12-31	2021-12-31
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
Balanserad vinst eller förlust		-602 380	462 872
Årets resultat		-336 511	-1 065 252
		7 644 111	**7 980 622**
Summa eget kapital		**7 670 822**	**8 007 333**
Långfristiga skulder	8		
Skulder till koncernföretag		25 419 276	23 569 276
Summa långfristiga skulder		**25 419 276**	**23 569 276**
Kortfristiga skulder			
Skulder till koncernföretag		2 051 530	1 292 088
Övriga skulder		0	64
Upplupna kostnader och förutbetalda intäkter		21 418	13 663
Summa kortfristiga skulder		**2 072 948**	**1 305 815**
SUMMA EGET KAPITAL OCH SKULDER		**35 163 046**	**32 882 424**

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Noter

Not 1 Redovisnings- och värderingsprinciper

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

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

Redovisningsprinciperna är oförändrade jämfört med föregående år.

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

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

Immateriella anläggningstillgångar

Koncessioner, patent, licenser, varumärken	5 år

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

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

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

Uppskjuten skatt
Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna metod redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.

Uppskjutna skattefordringar nettoredovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp. Uppskjuten skatt beräknas utifrån gällande skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstadgats. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

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Uppskjuten skattefordran avseende underskottsavdrag eller andra framtida skattemässiga avdrag redovisas i den omfattning det är sannolikt att avdragen kan avräknas mot framtida skattemässiga överskott.

På grund av sambandet mellan redovisning och beskattning särredovisas inte den uppskjutna skatteskulden som är hänförlig till obeskattade reserver.

Nyckeltalsdefinitioner
Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

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

Balansomslutning
Företagets samlade tillgångar.

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

Not 2 Övriga ränteintäkter och liknande resultatposter

	2022	2021
Ränteintäkter från koncernföretag	873 415	283 331
	873 415	**283 331**

Not 3 Räntekostnader och liknande resultatposter

	2022	2021
Räntekostnader till koncernföretag	1 134 442	1 075 348
Övriga räntekostnader	1 953	95
	1 136 395	**1 075 443**

Not 4 Koncessioner, patent, licenser, varumärken samt liknande rättigheter

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	50 000	50 000
Inköp	14 661	0
Utgående ackumulerade anskaffningsvärden	**64 661**	**50 000**
Utgående redovisat värde	**64 661**	**50 000**

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Not 5 Andelar i koncernföretag

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	27 464 004	27 464 004
Utgående ackumulerade anskaffningsvärden	**27 464 004**	**27 464 004**
Ingående nedskrivningar	-11 555 227	-11 555 227
Utgående ackumulerade nedskrivningar	**-11 555 227**	**-11 555 227**
Utgående redovisat värde	**15 908 777**	**15 908 777**

Not 6 Fordringar hos koncernföretag

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	15 519 919	16 451 762
Tillkommande fordringar	3 206 095	283 015
Avgående fordringar	-68 157	-1 214 858
Utgående ackumulerade anskaffningsvärden	**18 657 857**	**15 519 919**
Utgående redovisat värde	**18 657 857**	**15 519 919**

Not 7 Andra långfristiga fordringar

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	320 000	0
Tillkommande fordringar	150 000	320 000
Utgående ackumulerade anskaffningsvärden	**470 000**	**320 000**
Utgående redovisat värde	**470 000**	**320 000**

Not 8 Långfristiga skulder

	2022-12-31	2021-12-31
Amortering inom 2 till 5 år	25 419 276	23 569 276
	25 419 276	**23 569 276**

Not 9 Ställda säkerheter och eventualförpliktelser

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

Not 10 Koncernförhållande

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.

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Malmö 22/6-2023

Jan Froborg
Ordförande

Kristian Lundius

Christiaan Thomas
Verkställande direktör

Vår revisionsberättelse har lämnats

BDO Syd Kommanditbolag

Christofer Hultén
Auktoriserad revisor

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Malmö 22/6 - 2023

Kristian Lundius

Jan Froborg
Ordförande

Christiaan Thomas
Verkställande direktör

Vår revisionsberättelse har lämnats

BDO Syd Kommanditbolag

Christofer Hultén
Auktoriserad revisor

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Malmö 22/6 - 2023

Jan Froborg
Ordförande

Kristian Lundius

Christiaan Thomas
Verkställande direktör

Vår revisionsberättelse har lämnats 28/6 - 2023.

BDO Syd Kommanditbolag

Christofer Hultén
Auktoriserad revisor

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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 2022.

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 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

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

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

Styrelsens och verkställande direktörens ansvar

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

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

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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Izvarino Farma AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

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

Grund för uttalanden

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

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

Styrelsens och verkställande direktörens ansvar

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

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

Revisorns ansvar

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

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

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

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

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

Malmö den 28/6 - 2023

BDO Syd KB

Christofer Hultén
Auktoriserad revisor

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SEVER LIFE SCIENCES B.V.
HOOFDDORP, THE NETHERLANDS

Annual Report as at 31 December 2022

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MANAGING DIRECTORS' REPORT

Overview

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

The Group offers a unique combination of pharmaceutical products, services and technologies and consists of four separate business units, each with their own specialist focus; Nordic Pharma, SEVER Pharma Solutions, Amring USA and Izvarino Pharma.

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, 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 Cryosphere Foundation (formerly Foundation Mamont), registered on Guernsey.

As at 31 December 2022, the Board consisted of Mr. J.D. Hobbs, Mr. H. Schram and Mr. E.H.M. Schropp.

On 28 September 2021, the Dutch senate approved a bill aimed at creating a more balanced ratio between women and man in management and supervisory boards. This bill is effective as from 1 January 2022 and includes ingrowth quota for boards of at least one-third male and one-third female.

At the moment, the Company's entire Board of Directors consists of men and there are no vacancies. However, in the event a board seats becomes available, a person contributing to a more balanced gender ratio of the Board will be considered.

Review of operations 2022

General

The entire world recognized the importance of healthcare and pharmaceuticals as it battled with the COVID-19 pandemic over the past two years. The effects of this pandemic will be felt both in the short and long term as new medications become available but also as governments and insurance companies must deal with the economic impact of the pandemic as well as the increased

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healthcare costs associated with these treatments. The pharmaceutical industry will not only face changes in demand, revisions in regulations, changes in the research and development process but also accelerated digitalization, use of artificial intelligence and higher costs throughout the supply chain.

Having emerged from the COVID-19 pandemic, the world was immediately confronted with another crisis: the Russia-Ukraine conflict which inflicted a massive shock to the global economy, especially in the energy and food sectors, squeezing supply and pushing prices up to unprecedented levels. The pharmaceutical industry was not immune to these negative developments.

Despite challenging macroeconomic conditions and an unstable geopolitical environment, the Group delivered solid top line growth of +12% and succeeded in passing the €300 million revenue milestone. The performance of the Group's business units is described in detail hereunder.

Nordic Pharma

Nordic Pharma is a medium-sized fully integrated international pharma group active in women's health with a fast-growing rheumatology franchise and an increasing presence in critical care and ophthalmology.

Nordic Pharma seeks to address specific unmet medical needs. Rheumatology constitutes the largest portfolio at 41% of turnover with women's health accounting for 31%. The remaining 30% of turnover is made up of a range of local products.

Nordic Pharma achieved solid growth during 2022, despite a €13 million revenue loss following the termination of the Fomicyt Italian distribution agreement. France remains the largest affiliate achieving €48 million in net sales and a growth of +5% but faces increasing competition. The Nordic countries reached €28 million in net sales, a growth rate of +20% compared to 2021. Canada exceeded last year by +42% (€3.8 million) in net sales of mifepristone-misoprostol. The net sales in Spain and Portugal reached €15 million (+23%) whilst the UK realized €8 million (+21%). Net sales growth was particularly strong in Germany and Austria (+38%) breaking the €10 million sales barrier due to growth of the Nordimet Autoinjector tender business. Although Ireland is a small market, it demonstrated competitive strength; retaining more than 70% market share of the Nordimet business.

Security of supply and cost of goods remain the greatest short-term challenges but ultimately the portfolio needs strengthening through higher margin products and stronger intellectual property protection. Despite the pressure on distribution and energy costs, the OPEX was in-line with budget.

SEVER Pharma Solutions

SEVER Pharma Solutions ('SPS') is a CDMO specializing in controlled release systems for highly potent drugs for which it offers end-to-end services. SPS' primary manufacturing site is based in Malmö, Sweden but last year, SPS took a critical step towards becoming a global CDMO by acquiring the US-based company Foster Delivery Science Inc. This acquisition provides SPS with

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access to a new R&D facility as well as new technology and access to a new therapeutic area which complements SPS' existing product portfolio.

SPS offers three product categories:

- Polymer-based controlled release drug delivery systems, such as ocular implants and inserts and vaginal rings.
- Aseptic fill and finish; filling syringes and loading them into autoinjector devices.
- Oral solid tablets based on hot melt extrusion.

Throughout 2022, the focus of SPS has been on securing the successful integration of Foster Delivery Science Inc. as well as ramping up the manufacturing capacity of the Malmö site to meet customer demand for Endometrin, Annovera and Nordimet.

Total sales for 2022 exceeded last year's sales by 9%. Although Betahistine generated lower revenues due to regulatory issues and Estring suffered from disruptions in raw material supplies, Nordimet realized a significant increase in revenues and the products Flecainide, Naproxen, Dapivirine and Annovera also reported record revenues in 2022. However, the COVID-19 pandemic and the geopolitical situation continued to cause significant disruptions during 2022 resulting in increased operating costs.

Amring USA

Amring Pharmaceuticals Inc. ('Amring USA') is a pharmaceutical development, supply and sales company with its primary focus on generic prescription drugs for the US market.

Amring USA experienced challenging market competition and operational conditions in 2022. The company's USA commercial portfolio includes 15 distinct products items in 8 product categories and 1 product in Mexico as of December 2022. Desmopressin acetate nasal spray, the authorized generic of DDAVP, was recalled globally and resulted in product returns and refunds resulting in loss of sales during 2022.

In February 2022 Amring USA received FDA approval of the generic versions of Lamotrigine Oral-Disintegrating Tablets for the treatment of epilepsy. Amring also launched in June 2022 a generic version of Timolol Maleate Ophthalmic Solution for the treatment of intra-ocular pressure due to glaucoma. During 2022, Amring USA recorded impairment losses on ANDA's for a total amount of €6.6 million (2021: €6.4 million).

In response to extended product review timelines at the American regulator FDA and delays in manufacturing facility audits by that agency in 2022, Amring rationalized its R&D spend accordingly. In addition, Amring reviewed the commercial potential and feasibility of approval of an in-licensed project for treatment of infantile epileptic disease resulting in the decision to terminate the license with effect from 1 February 2023.

Izvarino Pharma

Izvarino Pharma ('Izvarino') is involved in the development, production and supply of essential medicines to patients in Russia. Whilst pharmaceutical products are generally exempt from the

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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, RUB exchange rate issues as well as financing and cash flow restrictions.

In view of recent events in Ukraine, the Group is exploring the possibility of divesting Izvarino. No formal divestment process has yet been initiated but it is the Group's intention to divest this asset in a responsible manner. The Group recognizes that in the event of divestment and given the overall political situation in Russia, as well as potential direct or indirect restrictions on divestments, the value of Izvarino would be significantly impaired.

International restrictions apply on cash remittances as at 31 December 2022. Mainly as a result of these (currency) restrictions, a total amount of RUB 241.6 million (€3.2 million) included in cash and cash equivalents is restricted for use by the Company, but yet still available in Russia for use in the relevant subsidiary's day-to-day operations.

Financial Results

The total income of the Group for 2022 amounted to €308.0 million as compared to €274.8 million in 2021, representing an increase of €33.2 million (+12%). This net increase represents a combination of higher income in Izvarino +€17.2 million (of which €9.0 million relates to currency gains due to strengthening of the Rouble versus Euro), Nordic Pharma +€8.2 million, SPS +€6.1 million, Amring USA +€4.1 million and Farmaprim +€2.5 million all of which are offset against a €4.9 million decrease of Disphar's total income mainly due to regulatory issues relating to the product Betahistine.

The Group's operating result for 2022 amounted to €9.6 million as compared to €21.5 million during 2021. The Group's result for the year amounted to a profit of €1.3 million (2021: €19.9 million), a decrease of €18.6 million.

The Group's equity as at 31 December 2022 amounted to €226.1 million (2021: €167.4 million) and a balance sheet total of €341.1 million (2021: €312.7 million), representing a 9% increase of the Group's equity ratio to 66% at 31 December 2022 (2021: 54%) mainly due to a share premium contribution in kind of €53.8 million by the Group's parent company.

Employees

During the year, the average number of people employed world-wide by the Group was 1,251 expressed as full-time equivalents (2021: 1,225).

Sources of funding

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

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Risk management and internal control

Risk management

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

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

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

Fraud and irregularities

The Board is aware of the ever-present risk of fraud that the Group faces in carrying out its worldwide activities. External parties must be able to trust that the Group conducts its business in a reliable, honest and careful manner. Therefore, the Group has a robust risk management and control system geared towards its business activities.

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

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

During 2022 the Board expanded the SEVER Management Team to include a Group Legal Counsel, a Chief Scientific Officer, a Group Human Resources and a Corporate Communications Head to work alongside the CEO and CFO so as to ensure operational governance is functioning so as to mitigate risks.

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

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Going Concern

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

The financial forecasts are estimated to the best of our knowledge and are expressed in an annual budget. The financial year ended 31 December 2022 was a reasonable year for the Group. The most important key figures in the context of the going concern assumption as on 31 December 2022 are as follows:

- Equity: €226.1 million (2021: €167.4 million)
- Result for the year: €1.3 million (2021: €19.9 million)
- Net working capital: €125.9 million (2021: €67.2 million)
- Solvency: 66% (2021: 54%)
- Liquidity:
    - Operating cash flow: €13.8 million (2021: €24.2 million)
    - Current ratio: 2.5 (2021: 1.6)
    - Quick Ratio: 1.6 (2021: 1.1)

The Group has made financing arrangements with banks which have been incorporated in the financial statements and the notes thereto. Management expects that the Group will meet its covenant requirements in the foreseeable future and that it will generate sufficient cash flows to continue to meet its obligations. Based upon that, management is of the opinion that the Group's going concern is assured.

Outlook

The global pharmaceutical market could surpass $1.5 trillion by 2023 with the U.S. being the largest contributor. Such growth is mainly due to the companies realigning their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities.

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

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

In this respect the Group may benefit from the increasing practice of larger pharma companies to optimize their portfolios by divesting non-core assets thus freeing up capital to invest in innovation

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and address portfolio gaps. Increasing global market presence is planned to be a growth driver for the Group especially in the US and Japan, the two largest and most profitable pharmaceutical markets in the world and remains one of our top priorities.

The threat of inflation will continue to impact the pharmaceutical industry and will affect drug pricing strategies and will require our continued focus on general expenditures and administrative expenditures. But the struggle to find and retain a talented and skilled workforce with the digital skills that can help support future innovation will also require management's attention.

Even though operational challenges will probably continue to increase, management believes the Group is well-positioned to achieve its ambitions and positively respond to the challenges ahead.

Subsequent events

On 1 January 2023, the Company's shareholder contributed all its shares in Draupnir Holdings Ltd. ('Draupnir UK Group') to the Company as a share premium contribution in kind. The Draupnir UK Group is a specialty pharmaceutical group comprising a portfolio of ophthalmic and niche pharmaceutical products.

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

	EUR'000
Intangible assets	3,313
Right-of-use assets	43
Deferred income tax assets	615
Inventories	2,314
Trade receivables	3,190
Other receivables and other current assets	1,189
Cash and cash equivalents	2,862
Interest-bearing loans and borrowings	(1,920)
Lease liabilities	(43)
Trade payables	(1,378)
Other financial liabilities	(3,773)
Other payables and other current assets	(839)
Total net assets contributed	5,573

There have been no other significant events subsequent to the financial year 2022, which would require additional disclosure in the financial statements.

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SEVER LIFE SCIENCES B.V.
HOOFDDORP, THE NETHERLANDS

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Hoofddorp, 28 April 2023

Managing Directors

DocuSigned by:
Jeffrey Hobbs
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J.D. Hobbs
(Chairman)

DocuSigned by:
Mr. H. (Hans) Schram
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H. Schram

DocuSigned by:
E.H.M. Schropp
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E.H.M. Schropp

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CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2022

	2022		2021	
	EUR'000	EUR'000	EUR'000	EUR'000
Revenue (3)	302,515		266,945	
Other operating income (3)	5,491		7,872	
Total income		308,006		274,817
Cost of revenues		(191,390)		(162,607)
Gross profit		116,616		112,210
Marketing and sales expenses (3)	(40,306)		(34,356)	
Research expenses (3)	(25,091)		(24,728)	
General and administrative expenses (3)	(41,598)		(31,671)	
Total operating expenses		(106,995)		(90,755)
Operating result		9,621		21,455
Financial income (3)	2,922		7,426	
Financial expenses (3)	(3,602)		(2,795)	
Total financial result		(680)		4,631
Result before income taxes		8,941		26,086
Income tax charge (4)		(7,686)		(6,198)
Result for the year		1,255		19,888
Attributable to:				
Equity holders of the parent		1,235		19,570
Non-controlling interest		20		318
Result for the year		1,255		19,888

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

	2022		2021	
	EUR'000	EUR'000	EUR'000	EUR'000
Result for the year		1,255		19,888
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	3,405		5,428	
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		3,405		5,428
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement gains / (losses) on defined benefit plans	292		(60)	
Income tax effect	(91)		18	
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		201		(42)
Other comprehensive result for the year, net of taxes		3,606		5,386
Total comprehensive result for the year, net of taxes		4,861		25,274
Attributable to:				
Equity holders of the parent		4,836		24,977
Non-controlling interest		25		297
Total comprehensive result for the year, net of taxes		4,861		25,274

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2022

A s s e t s

	2022		2021	
	EUR'000	EUR'000	EUR'000	EUR'000
Non-current assets				
Intangible assets (5)	52,899		57,379	
Property, plant and equipment (6)	60,437		59,025	
Right-of-use assets (18)	9,386		11,471	
Financial assets (7)	80		742	
Deferred income tax assets (4)	7,115		6,071	
Total non-current assets		129,917		134,688
Current assets				
Inventories (10)	73,629		60,213	
Trade receivables (11)	90,478		75,829	
Corporate income tax receivable	4,139		3,504	
Other receivables and other current assets (12)	14,899		14,366	
Cash and cash equivalents	27,989		24,053	
Total current assets		211,134		177,965
Total assets		341,051		312,653

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Equity and liabilities

	2022		2021	
	EUR'000	EUR'000	EUR'000	EUR'000
Equity (13)				
Issued capital	500		500	
Share premium	178,325		124,510	
Translation reserve	3,159		(241)	
Retained earnings	43,210		23,439	
Result for the year	1,235		19,570	
Equity attributable to the equity holders of the parent	226,429		167,778	
Non-controlling interest	(324)		(349)	
Total equity		226,105		167,429
Non-current liabilities				
Deferred income tax liabilities (4)	4,432		4,790	
Provisions (14)	6,868		5,780	
Interest-bearing loans and borrowings (15)	8,070		5,675	
Lease liabilities (18)	6,854		8,803	
Other financial liabilities (17)	3,455		9,442	
Total non-current liabilities		29,679		34,490
Current liabilities				
Trade payables (19)	24,770		21,016	
Interest-bearing loans and borrowings (15)	4,005		11,194	
Short-term borrowings from banks (16)	2,741		35,259	
Lease liabilities (18)	2,612		2,893	
Provisions (14)	1,683		1,912	
Other financial liabilities (17)	6,242		4,626	
Corporate income tax payable	4,356		489	
Other payables and other current liabilities (19)	38,858		33,345	
Total current liabilities		85,267		110,734
Total liabilities		114,946		145,224
Total equity and liabilities		341,051		312,653

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	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 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
Balance as at 1 January 2022	500	124,510	(241)	23,439	19,570	167,778	(349)	167,429
Result for the year	–	–	–	–	1,235	1,235	20	1,255
Re-measurement gains (losses) on defined benefit plans	–	–	–	201	–	201	–	201
Other comprehensive income	–	–	3,400	–	–	3,400	5	3,405
Total comprehensive income	–	–	3,400	201	1,235	4,836	25	4,861
Share premium contribution in kind (Note 13)	–	53,815	–	–	–	53,815	–	53,815
Appropriation profit previous year	–	–	–	19,570	(19,570)	–	–	–
Balance as at 31 December 2022	500	178,325	3,159	43,210	1,235	226,429	(324)	226,105

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CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2022

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	2022		2021	
	EUR'000	EUR'000	EUR'000	EUR'000
Cash flows from operating activities				
Result for the year	1,255		19,888	
Adjustments to reconcile cash generated by operating activities:				
Depreciation, amortization, impairment losses and disposals (3)	25,628		19,402	
Financial income (3)	(2,922)		(7,426)	
Financial expenses (3)	3,961		2,795	
Income tax charge (4)	7,686		6,198	
Changes in working capital:				
(Increase) / Decrease in inventories (10)	(12,546)		8,838	
Increase in trade receivables (11)	(12,442)		(3,173)	
Increase in other receivables and other current assets (12)	(340)		(4,490)	
Increase / (Decrease) in trade payables (19)	4,950		(865)	
Increase / (Decrease) in other payables (19)	5,181		(2,384)	
Changes in other liabilities:				
Movements in provisions (14)	1,181		(2,472)	
Cash generated from operations	21,592		36,311	
Interest income received	1,291		865	
Interest expenses paid	(2,883)		(2,381)	
Income taxes paid	(6,225)		(10,597)	
Net cash flow generated by operating activities		13,775		24,198
Cash flows from investing activities				
Acquisition of intangible assets (5)	(8,507)		(12,408)	
Disposal of intangible assets (5)	–		23	
Acquisition of property, plant & equipment (6)	(9,722)		(6,431)	
Disposal of property, plant and equipment (6)	290		1,408	
Business combinations under common control, net of cash acquired (8)	–		1,019	
Business combinations, net of cash acquired (9)	–		(8,350)	
Movements in financial assets (7)	(80)		–	
Net cash flows used in investing activities		(18,019)		(24,739)
Carried forward		(4,244)		(541)

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	2022		2021	
	EUR'000	EUR'000	EUR'000	EUR'000
Brought forward		(4,244)		(541)
Cash flow from financing activities				
Proceeds of interest-bearing loans and borrowings (15, 23)	58,195		2,642	
Repayment of interest-bearing loans and borrowings (15, 23)	(9,639)		(2,756)	
Proceeds of short-term borrowings from banks (16, 23)	1,882		13,402	
Repayment of short-term borrowings from banks (16, 23)	(34,258)		–	
Payment of other financial liabilities (17, 23)	(5,084)		(4,394)	
Payment of lease liabilities (18, 23)	(3,325)		(2,824)	
Net cash flows generated by financing activities		7,771		6,070
Increase in cash and cash equivalents		3,527		5,529
Cash and cash equivalents at the beginning of the year		24,053		18,007
Net foreign currency exchange differences		409		517
Cash and cash equivalents at the end of the year		27,989		24,053

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General

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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, 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 Cryosphere Foundation (formerly Foundation Mamont), registered on Guernsey.

As at 31 December 2022, the Board consisted of Mr. J.D. Hobbs, Mr. H. Schram and Mr. E.H.M. Schropp.

On 28 September 2021, the Dutch senate approved a bill aimed at creating a more balanced ratio between women and man in management and supervisory boards. This bill is effective as from 1 January 2022 and includes ingrowth quota for boards of at least one-third male and one-third female.

At the moment the Company's entire Board of Directors consists of men and there are no vacancies. However, in the event a board seats becomes available, a person contributing to a more balanced gender ratio of the Board will be considered.

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.

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

Going concern

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

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.

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 for reporting periods beginning on or after 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.
- References to Conceptual Framework (Amendments to IFRS 3).

As the adoption of these amendments to the IFRS Standards did not have a material impact on the Group's financial statements, 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.

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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 or on the achievement of other milestones as further detailed in Note 17.

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Translation of foreign currencies

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

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 Krona. As at the reporting date, the assets and liabilities of the subsidiaries with other functional currencies than the Euro are translated into the Group's presentation currency (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.

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Performance obligations and timing of revenue recognition

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

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

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

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

Determining the transaction price

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

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

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Allocating amounts to performance obligations

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

Practical exemptions

The Group has taken advantage of the following practical exemptions:

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

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.

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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.

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 utilized.

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 market participants would use when pricing the asset or liability, if market participants act in their economic best interest. A fair value measurement of a non-financial asset considers 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.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

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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.

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

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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). 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.

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.

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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.

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

	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.

Izvarino Pharma LLC
In view of recent events in Ukraine, the Group is exploring the possibility of divesting Izvarino. No formal divestment process has yet been initiated but it is the Group's intention to divest this asset in a responsible manner. The Group recognizes that in the event of divestment and given the overall political situation in Russia, as well as potential direct or indirect restrictions on divestments, the value of Izvarino would be significantly impaired. Based on the value in use no impairment is applicable as at 31 December 2022 in accordance with IAS 36 and IFRS 13 guidance.

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

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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 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.

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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.

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.

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Cash and short-term deposits

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

Financial liabilities

Initial recognition and measurement

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

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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.

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.

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

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

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Other liabilities

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

Cash flow statement

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

Future changes in accounting policies

There are several standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning on or after 1 January 2023 but are not expected to have significant impact on the Group's financial statements:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback).
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current).
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).

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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
	2022	2021	**2022**	2021	**2022**	2021
Primary geographic markets						
Western Europe	100,826	88,402	457	15	101,283	88,417
Northern Europe	35,646	41,827	42	191	35,688	42,018
Southern Europe	20,863	32,237	50	–	20,913	32,237
Eastern Europe	83,694	57,267	–	115	83,694	57,382
North America	50,004	40,949	7,715	3,190	57,719	44,139
Asia Pacific	2,509	1,607	709	1,145	3,218	2,752
	293,542	262,289	8,973	4,656	302,515	266,945
Product types						
Goods	293,542	262,289	–	–	293,542	262,289
Other services	–	–	8,973	4,656	8,973	4,656
	293,542	262,289	8,973	4,656	302,515	266,945
Timing of transfer of goods and services						
Point in time	293,542	262,289	–	–	293,542	262,289
Over time	–	–	8,973	4,656	8,973	4,656
	293,542	262,289	8,973	4,656	302,515	266,945

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 2021	1,170	(7,610)
Settlement during the year via trade receivables	(1,179)	6,176
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	–	(3,526)
Currency exchange differences	(187)	(477)
Balance as at 31 December 2021	2,954	(5,437)
Balance as at 1 January 2022	2,954	(5,437)
Settlement during the year via trade receivables	(2,613)	5,230
Excess of revenue recognized over cash (or rights to cash) being recognized during the year	1,536	–
Cash received in advance of performance and not recognized as revenue during the year	–	(6,079)
Currency exchange differences	(63)	(278)
Balance as at 31 December 2022	1,814	(6,564)

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 and 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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	2022	2021
	EUR'000	EUR'000
Other operating income		
Income from production line setup (reference is made to Note 22)	–	2,663
Commission income	–	16
Dossier income	120	902
Promotion income	1,533	1,577
Other	3,838	2,714
	5,491	7,872
Marketing and sales expenses		
Salaries and employee benefits	(20,386)	(17,477)
Other staff expenses	(3,438)	(2,516)
Marketing and promotion costs	(12,123)	(9,563)
Professional services	(3,322)	(3,656)
Dwelling costs	(203)	(388)
Other	(834)	(756)
	(40,306)	(34,356)
Research expenses		
Salaries and employee benefits	(9,490)	(8,741)
Other staff expenses	(1,021)	(520)
Professional services	(13,174)	(14,592)
Dwelling costs	(509)	(270)
Other	(897)	(605)
	(25,091)	(24,728)
General and administrative expenses		
Salaries and employee benefits	(20,246)	(16,730)
Other staff expenses	(3,417)	(2,144)
Depreciation	(1,100)	(1,071)
Service fee related company	(1,010)	(423)
Professional services	(8,424)	(3,708)
Dwelling costs	(4,747)	(4,657)
Insurance costs	(1,476)	(1,272)
Other	(1,178)	(1,666)
	(41,598)	(31,671)

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	2022	2021
	EUR'000	EUR'000
Financial income		
Interest income	852	600
Settlement of interest-bearing loans and borrowings (Note 15)	–	4,346
Foreign currency exchange gains	1,631	2,089
Fair value gain on equity instruments at fair value through profit or loss (Note 7)	–	310
Other	439	81
	2,922	7,426

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 which assigned these loans 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 €4.3 million (reference is made to Note 15).

	2022	2021
	EUR'000	EUR'000
Financial expenses		
Interest expenses due to third parties	(1,787)	(1,713)
Interest expenses lease liabilities (Note 18)	(209)	(208)
Interest expenses due to related company	(365)	–
Fair value loss on equity instruments at fair value through profit or loss (Note 7)	(383)	–
Other	(858)	(874)
	(3,602)	(2,795)

Staff costs and employee information

Salaries and wages	(58,588)	(48,933)
Social charges	(12,394)	(11,369)
Pension charges	(3,803)	(3,210)
	(74,785)	(63,512)

During the year an amount of €24.7 million (2021: €20.6 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:

	2022	2021
Production	453	507
Marketing and sales	228	241
Research and development	159	131
General and administration	156	112
Quality control and assurance	255	234
	1,251	1,225

The average number of employees employed outside the Netherlands amounted to 1,157 in 2022 (2021: 1,169).

	2022	2021
	EUR'000	EUR'000
Depreciation, amortization, impairment losses and disposals included in the income statement		
Included in cost of revenues:		
Depreciation	(8,836)	(6,228)
Amortization	(5,912)	(4,805)
Impairment losses	(9,084)	(7,230)
Disposals	(301)	(68)
Included in general and administrative expenses:		
Depreciation	(1,100)	(1,071)
Disposals	(395)	–
	(25,628)	(19,402)

4 Taxation

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

	2022	2021
	EUR'000	EUR'000
Consolidated income statement		
Current income tax charge	(8,860)	(6,967)
Deferred income tax credit	1,174	769
Total income tax charge	(7,686)	(6,198)

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Consolidated statement of comprehensive income

	2022	2021
	EUR'000	EUR'000
Income tax directly to comprehensive income	(91)	18
Total income tax (charge) / credit	(91)	18

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:

	2022	2021
	EUR'000	EUR'000
Result before income taxes	8,941	26,086
At Dutch statutory income tax rate of 25.8% (2021: 25.0%)	(2,307)	(6,522)
Different income tax rates of other countries	352	708
Non-deductible expenses	(1,032)	(1,639)
Non-capitalized tax losses	(5,557)	(1,056)
Utilization of unrecognized tax losses	981	518
Tax exempt income	66	486
Profit elimination on intercompany sales	29	268
Adjustments in respect of current income tax of previous year	(218)	1,039
At an effective corporate income tax rate of 86.0% (2021: 23.8%)	(7,686)	(6,198)

The significant increase in the effective corporate income tax rate is mainly due to the losses in the Dutch fiscal unity for which no deferred tax asset has been recognized.

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

	2022	2021
	EUR'000	EUR'000
Differences in commercial and fiscal valuation of assets and liabilities	5,204	3,841
Losses available for offsetting against future taxable income	1,911	2,230
Total deferred income tax assets	7,115	6,071

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

	2022	2021
	EUR'000	EUR'000
Differences in commercial and fiscal valuation of assets and liabilities	2,327	2,352
Profit allocation Sweden	2,105	2,438
Total deferred income tax liabilities	4,432	4,790

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 €56.4 million (2021: €39.7 million). Of these unrecognized tax losses €2.6 million will expire in 2023, €13.2 million will expire after 2023 and €40.6 million can be carried forward indefinitely. The Group did not recognize a deferred tax asset in connection with these unrecognized carry forward tax losses due to uncertainty with respect to available taxable profits that are uncertain in the future and the limitations imposed in tax legislation to utilize the tax losses.

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

	2022	2021
	EUR'000	EUR'000
Consolidated income statement		
Movement in deferred income tax assets	1,044	1,798
Movement in deferred income tax liabilities	358	(1,477)
Business combination under common control (Note 8)	–	(404)
Business combinations (Note 9)	–	967
Currency exchange differences	(228)	(115)
Total deferred income tax credit in income statement	1,174	769
Consolidated statement of comprehensive income		
Movement in deferred income tax liabilities	(91)	18
Total deferred tax (charge) / credit in statement of comprehensive income	(91)	18

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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 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

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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 1 January 2022	6,014	66,482	2,953	11,898	87,347
Additions	–	4,348	–	3,976	8,324
Disposals	–	(791)	–	(1,087)	(1,878)
Transfers	–	1,027	–	(398)	629
Currency exchange differences	231	2,511	256	(176)	2,822
Balance as at 31 December 2022	6,245	73,577	3,209	14,213	97,244
Accumulated amortization and impairment losses					
Balance as at 1 January 2022	–	(22,766)	(2,173)	(5,029)	(29,968)
Amortization charge for the year	–	(4,479)	(346)	(1,087)	(5,912)
Impairment losses	–	(9,023)	–	(61)	(9,084)
Disposals	–	791	–	1,078	1,869
Transfers	–	(46)	–	(407)	(453)
Currency exchange differences	–	(587)	(213)	3	(797)
Balance as at 31 December 2022	–	(36,110)	(2,732)	(5,503)	(44,345)
Carrying value as at 31 December 2022	6,245	37,467	477	8,710	52,899

Licenses & registrations

Included within the category Licenses & Registrations is a Canadian license and market authorization for the product Mifegymiso with a carrying value of €8.8 million (2021: €11.4 million) and a remaining amortization period of 4 years.

Furthermore, this category contains abbreviated new drug applications (ANDAs) for the US market with a remaining amortization period between 8 and 10 years. The total carrying value of these ANDAs amounts to €24.4 million (2021: €28.9 million), of which €18.3 million relates to ANDAs that are still in development or not available for use yet as at 31 December 2022 (2021: €25.1 million).

Other

Included within the Other category is the Mifegymiso trademark with a carrying value of €1.8 million (2021: €2.5 million) and a remaining amortization period of 3 years.

The client list as well as a development project related to subsidiary Foster Delivery Science Inc. (reference is made to Note 9) with a carrying value of €1.4 million (2021: €1.6 million), are also included in this category.

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Furthermore, this category contains software and other IT related investments with a carrying value of €2.7 million (2021: €0.8 million)

Additions

Additions amount to €8.3 million (2021: €12.4 million) of which €5.2 million relates to additional investments in licenses and registrations by Amring USA (€1.4 million) and Nordic Pharma (€3.8 million) and €3.1 million relates to investments in other intangible assets, mainly related to IT investments in Nordic Pharma and Sever Pharma Solutions.

Impairment losses Licenses & Registrations

Impairment losses of €9.0 million (2021: €6.4 million) mainly relate to Nordic Pharma (€2.3 million) and Amring USA (€6.7 million), the latter mainly in connection with two approved and in-progress ANDAs. Following the continuously increasing product review timelines at the US FDA in combination with delays in manufacturing facility audits by that agency in 2022, the business case of an in-licensed project for treatment of infantile epileptic disease was reassessed. Amring USA decided to terminate the license agreement which resulted in an impairment loss of €3.8 million. In addition, Amring USA recorded a €2.1 million impairment loss on a product acquired in 2021 due to pre-emptive price decrease by the incumbent prior to the product launch.

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:

	2022	2021
	EUR'000	EUR'000
Nordic Pharma SAS	1,406	1,406
Linepharma International Ltd.	911	911
Foster Delivery Sciences Inc. (reference is made to Note 9)	3,928	3,697
	6,245	6,014

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.

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Nordic Pharma SAS and Linepharma International Ltd. CGUs

The recoverable amounts of goodwill have been determined based on a value in use calculation using cash-flow projections on the financial budget for next year approved by management and financial projections covering a five-year period. The pre-tax discount rate applied to cash flow projections was 12%. Cash flows beyond the five-year period were extrapolated using a long-term growth rate of 2%. The impairment tests for these CGUs resulted in more than sufficient head room, hence management did not identify an impairment.

Foster Delivery Sciences Inc. CGU

The recoverable amounts of goodwill have been determined based on a value in use calculation using cash-flow projections on the financial budget for next year approved by management and financial projections covering a five-year period. The pre-tax discount rate applied to cash flow projections was 14%. Cash flows beyond the five-year period were extrapolated using a long-term growth rate of 2%. The impairment test for this CGU resulted in a head room of €3.6 million, hence management did not identify an impairment.

The following table illustrates the approximate impact on the value in use of from movements in key assumptions of the Foster Delivery Sciences Inc. CGU:

	+1%	-1%
	EUR'000	EUR'000
Pre-tax discount rate	(2,746)	3,298
Long-term growth rate	1,674	(1,412)

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

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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 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
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

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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
Acquisition value					
Balance as at 1 January 2022	39,554	41,236	4,246	16,556	101,592
Additions	2,367	1,939	3,755	902	8,963
Disposals	(1,126)	(1,229)	–	(1,112)	(3,467)
Transfer	1,305	(81)	(1,560)	(185)	(521)
Currency exchange differences	(212)	337	(207)	(334)	(416)
Balance as at 31 December 2022	41,888	42,202	6,234	15,827	106,151
Accumulated depreciation and impairment losses					
Balance as at 1 January 2022	(8,476)	(21,876)	–	(12,215)	(42,567)
Depreciation charge for the year	(2,809)	(3,034)	–	(1,134)	(6,977)
Disposals	818	672	–	905	2,395
Transfer	–	(7)	–	350	343
Currency exchange differences	397	291	–	404	1,092
Balance as at 31 December 2022	(10,070)	(23,954)	–	(11,690)	(45,714)
Carrying value as at 31 December 2022	31,818	18,248	6,234	4,137	60,437

Included in the assets under construction is the aseptic filling line which will become available for use in 2023. Further additions to assets under construction in 2022 mainly relate to building and expanding of GMP development and manufacturing suites, also suitable for high potent compounds (€0.7 million), expansion of packaging line capacity in both US and Sweden (€1.0 million), investments in securing improved containment of high potent substances in production (€0.5 million) and equipment for use in SPS' expanded facilities (€0.7 million).

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.

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7 Financial assets

	2022	2021
	EUR'000	EUR'000
Listed equity investments	–	742
Other	80	–
	80	742

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.

8 Consolidated group companies

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

Name	Location	Percentage of ownership	
		2022	2021
Directly held:			
SPS Swedish Holdco AB	Sweden, Malmö	100%	100%
Izvarino Farma AB	Sweden, Malmö	100%	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%
Linepharma International Inc.	Canada, Toronto	100%	100%
Nordic Pharma Inc.	Canada, Toronto	100%	100%
Nordic Pharma S.r.o.	Czech Republic, Prague	100%	100%
Nordic Pharma SAS	France, Paris	100%	100%
Exelgyn SAS	France, Paris	100%	100%
Linepharma S.a.r.l.	France, Paris	100%	100%
AGT LLC	Georgia, Tbilisi	100%	100%
Nordic Pharma GmbH	Germany, Ismaning	100%	100%
Nordic Pharmaceuticals Ltd.	Hong Kong, Wanchai	100%	100%
Nordic Pharma Ltd.	Ireland, Dublin	100%	100%
Nordic Pharma S.r.l.	Italy, Milan	100%	100%

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Name	Location	Percentage of ownership **2022**	2021
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%	100%
SEVER LLC	Russia, Kazan	100%	100%
Izvarino Pharma LLC	Russia, Moscow	100%	100%
Sparv Research LLC	Russia, Moscow	100%	100%
Nordic Pharma S.A.	Spain, Madrid	100%	100%
Nordic Drugs AB	Sweden, Malmö	100%	100%
QPharma AB	Sweden, Malmö	100%	100%
Nordic Pharma GmbH	Switzerland, Zurich	100%	100%
SEVER Life Sciences S.A.	Switzerland, St. Prex	100%	100%
Nordic Pharma Ltd.	United Kingdom, Windsor	100%	100%
Linepharma International Ltd.	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%	100%
SPS US Operations Inc.	U.S.A., Delaware	100%	100%
Foster Delivery Science Inc.	U.S.A., Connecticut	100%	100%
Science Hill Realty LLC	U.S.A., Connecticut	100%	100%

Percentage of voting shares is equal to percentage of ownership.

The following events took place in 2022:

- On 26 May 2022, Celopharma Inc. changed its name into Linepharma International Inc.
- On 23 December 2022, the Company contributed its shares in QPharma AB to SPS Swedish Holdco AB.

In view of the recent developments, the Group is exploring the possibility of divesting its Russian subsidiaries. No formal divestment process has yet been initiated but it is the Group's intention to divest these assets in a responsible way.

The Group however recognizes that in the event of such a divestment, the overall political situation as well as potential direct or indirect restrictions on divestments will adversely affect the value of these subsidiaries compared to prior years and may result in a significant impairment.

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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 €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	1,685
Property, plant and equipment	9,287
Inventories	254
Trade debtors	268
Other receivables	53
Deferred tax liabilities	(967)
Trade and other payables	(163)
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 €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 (€14.1 million) of which USD 9.5 million (€8.3 million) relates to fixed consideration and USD 6.5 (€5.8 million) million relates to a partial contingent consideration based upon performance and consists of two milestone payments (reference is made to Note 17).

The first milestone payment amounts to USD 3.4 million (€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 (€3.0 million) will be triggered.

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As the amount is expected to fall due in 2023, a discount factor of 2% combined with a 90% likelihood was applied, resulting in a total amount of USD 2.9 million (€2.8 million) as at 31 December 2022 (2021: €2.6 million).

The second milestone payment amounts to USD 4.3 million (€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 (€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 was applied, resulting in a total amount of USD 3.6 million (€3.4 million) as at 31 December 2022 (2021: €3.2 million).

10 Inventories

	2022	2021
	EUR'000	EUR'000
Raw materials and supplies	26,534	20,617
Work in progress	7,197	6,182
Finished goods	39,898	33,414
	73,629	60,213

Costs of inventories recognized in cost of revenues in the income statement during the financial year amount to €109.1 million (2021: €98.1 million).

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

Provisions for obsolete stock amount to €6.6 million as at 31 December 2022 (2021: €7.5 million). Inventory write-offs recognized in cost of revenues in the income statement during the financial year amounted to €2.9 million (2021: €3.5 million).

11 Trade receivables

	2022	2021
	EUR'000	EUR'000
Trade receivables	90,478	75,829
	90,478	75,829

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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
2022	90,478	37,321	21,797	18,278	8,405	4,677
2021	75,829	46,657	17,720	5,653	1,634	4,165

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

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

	2022	2021
	EUR'000	EUR'000
Balance as at 1 January	(1,339)	(951)
Charge for the year	(763)	(388)
Release for the year	24	–
Balance as at 31 December	(2,078)	(1,339)

12 Other receivables and other current assets

	2022	2021
	EUR'000	EUR'000
Prepaid expenses and accrued income	10,662	11,379
Other taxes and social securities	1,750	1,687
Due from related companies	692	500
Other	1,795	800
	14,899	14,366

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

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13 Equity

Issued capital

The issued share capital as at 31 December 2022 comprised 500,000 shares (2021: 500,000 shares) of €1.00 (2021: €1.00) each, all of which are fully paid.

Translation reserve

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

Share premium contribution in kind

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

Non-controlling interest

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

14 Provisions

	2022	2021
	EUR'000	EUR'000
Provision for pensions	1,397	1,565
Provision for others	7,154	6,127
	8,551	7,692
Of which current provisions	(1,683)	(1,912)
Non-current provisions	6,868	5,780

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

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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 below.

	2022	2021
	EUR'000	EUR'000
Balance as at 1 January	1,565	1,588
Interest costs	17	10
Current service costs	169	184
Net actuarial losses through other comprehensive income	(292)	60
Benefits paid	(32)	(171)
Revaluation on pensions	–	(97)
Translation differences	(30)	(9)
Defined benefit obligation as at 31 December	1,397	1,565
Current service costs	(169)	(184)
Interest costs on benefit obligation	(17)	(10)
Net benefit expenses	(186)	(194)
Defined contribution pension expenses	(3,660)	(3,114)
Total pension expenses	(3,846)	(3,308)

Management expects the pension expenses for 2023 to approximate the expenses incurred in 2022.

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

	2022	2021
Discount rate	3.40/4.00%	1.50%
Salary increase	0.00/3.10%	0.00/2.10%
Long-term assumptions of inflation	2.10%	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 2022.

Provisions for others

	2022	2021
	EUR'000	EUR'000
Provision for litigations and commercial risks	3,840	1,827
Employee related provision	899	1,857
Others	2,415	2,443
	7,154	6,127
Of which current provisions for others	(1,683)	(1,912)
Non-current provisions for others	5,471	4,215

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

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

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

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

	2022	2021
	EUR'000	EUR'000
Balance as at 1 January	6,127	8,525
Utilization	(273)	(2,603)
Additions	2,521	3,309
Release	(1,221)	(3,104)
Balance as at 31 December	7,154	6,127

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15 Interest-bearing loans and borrowings

	2022	2021
	EUR'000	EUR'000
Loans due to Nordea Bank		
• SEK 20,269,375 (2021: SEK 20,019,375) at a variable interest rate, averaging 2.46% for 2022, due in quarterly instalments of SEK 500,000 ending in 2034	1,821	1,954
• SEK 37,687,500 (2021: SEK 42,187,500) at a variable interest rate, averaging 2.46% for 2022, due in quarterly instalments of SEK 562,500 ending in 2040	3,385	4,117
Loans due to AMCO Asset Management Company S.P.A.		
• €3,000,000, repaid in 2022	–	3,000
Loans due to Moldova Agroindbank		
• €6,161,500 (2021: €3,818,980) at a fixed interest rate of 4.5% and 5.5%, due in instalments ending on 28 February 2027	6,162	3,819
• USD 398,750 (2021: USD 758,750) at a fixed interest rate of 5.50%, due in instalments ending on 31 December 2024	374	670
Loan due to Temporell Invest Ltd.		
• €333,000 (2021: €333,000) at a fixed interest rate of 2.45%, immediate due	333	333
Loans due to Alfa Bank		
• RUB 22,571,985 at a fixed interest rate of 12%, repaid in 2022	–	266
• RUB 180,000,000 at a fixed interest rate of 10%, repaid in 2022	–	2,121
• RUB 50,000,000 at a fixed interest rate of 10%, repaid in 2022	–	589
	12,075	16,869
Of which current interest-bearing loans and borrowings	(4,005)	(11,194)
Non-current interest-bearing loans and borrowings	8,070	5,675

The Company has issued a guarantee in connection with the loan due to Nordea Bank (reference is made to Note 21).

During 2018, the loans due to Eximbank were assigned to Veneto Banca under mandatory administrative liquidation which latter assigned these loans 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 €4.3 million (reference is made to Note 3).

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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 €6.5 million (2021: €4.5 million). The current liquidity ratio of Farmaprim S.R.L. as at 31 December 2022 is 1,69 (2021: 1,07), with a minimum requirement of 1.3. In addition, the debt service coverage ratio of Farmaprim S.R.L. as at 31 December 2022 was 1,12 (2021: 10,39) with a minimum requirement of 1.8 and the leverage as at 31 December 2022 was 2,48 (2021: 2,29) with a required minimum of 2.3.

The Company's subsidiary Farmaprim S.R.L pledged land, buildings, equipment and inventory to Moldova Agroindbank.

16 Short-term borrowings from banks

The Group is granted overdraft facilities for a total amount of €16.0 million (2021: €49.2 million) of which €2.7 million was drawn as at 31 December 2022 (2021: €35.3 million).

The available overdraft facilities relate to a €9.4 million / USD 10.0 million (2021: €8.8 million / USD 10.0 million) facility from JP Morgan Chase Bank and some smaller facilities from other banks with a total amount of €6.6 million (2021: €5.4 million).

On 30 June 2022, the entire multi-option credit facility from Danske Bank expired (2021: €35 million). The Negative Pledge Declarations, signed by the Company and its subsidiaries to Dankse Bank in connection with this multi-option credit facility, also expired per that date (reference is made to Note 21).

The interest rate on the facility from JP Morgan Chase Bank amounts to USD SOFR plus 2.10% or USD Prime plus 0.50%. 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 2022 (2021: no funds).

17 Other financial liabilities

	2022	2021
	EUR'000	EUR'000
Contingent consideration relation to the acquisition of:		
• Foster Delivery Science Inc. (reference is made to Note 9)	6,248	5,764
• Linepharma International Inc.	373	4,884
• Linepharma International Ltd.	3,000	3,000
• Other	76	420
	9,697	14,068
Of which current other financial liabilities	(6,242)	(4,626)
Non-current other financial liabilities	3,455	9,442

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Contingent consideration related to acquisition of Foster Delivery Science Inc.

The total maximum purchase consideration to be paid in connection with the acquisition of Foster Delivery Science Inc. on 5 November 2021, amounts to USD 16.0 million (€14.5 million) of which USD 9.5 million (€8.3 million) relates to fixed consideration and USD 6.5 (€5.8 million) million relates to contingent consideration based upon performance and consists of two milestone payments (reference is made to Note 9).

Contingent consideration related to acquisition of Celopharma Inc. (currently named Linepharma International Inc.)

On 1 February 2019, the Group acquired all shares in Celopharma Inc. which is the sole Canadian distribution licence holder and distributor of Mifegymiso, the two-drug combination of mifepristone and misoprostol used for the early termination of pregnancies.

The total maximum consideration payable for the shares amounts to CAD 32.0 million (€21.2 million) of which CAD 28.0 million (€18.5 million) relates to fixed consideration and CAD 4.0 (€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 (€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 0.5 million (€0.4 million).

In 2022, 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 International Ltd. for the acquisition of all shares in this company. Amring Holding S.A. must pay an additional consideration of €3.0 million once Linepharma International Ltd. has obtained a market authorization of a specified product in a specified territory. Management is confident that this market authorization will be obtained within one year.

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18 Leases

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

	Land & Buildings	Other operating assets	**Total**
	EUR'000	EUR'000	EUR'000
Balance as at 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
Balance as at 1 January 2022	6,156	5,315	11,471
Additions	383	700	1,083
Disposals	–	(18)	(18)
Depreciation	(1,574)	(1,385)	(2,959)
Currency exchange differences	108	(299)	(191)
Balance as at 31 December 2022	5,073	4,313	9,386

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.

	2022	2021
	EUR'000	EUR'000
Balance as at 1 January	11,696	8,192
Share premium contribution in kind (Note 8)	–	987
Additions	1,083	5,664
Disposals	(18)	(644)
Accretion of interest	209	208
Payments	(3,325)	(2,824)
Currency exchange differences	(179)	113
Balance as at 31 December	9,466	11,696
Of which current lease liabilities	(2,612)	(2,893)
Non-current lease liabilities	6,854	8,803

The following amounts are recognized in the income statement:

Depreciation expenses of right-of-use assets	2,959	2,682
Interest expenses on lease liabilities	209	208
Expenses related to short-term leases (included in G&A expenses)	45	123
Expenses included in leases of low-value assets (included in G&A expenses)	–	13
Total amount recognized in the income statement	3,213	3,026

During 2022, the Group had cash outflows for a total amount of €3.4 million (2021: €3.0 million) in connection with leases.

19 Trade and other payables

	2022	2021
	EUR'000	EUR'000
Trade payables	24,770	21,016
	24,770	21,016

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	2022	2021
	EUR'000	EUR'000
Accrued customer returns	2,865	2,654
Accrued rebates	2,958	2,541
Accrued bonusses	3,905	3,487
Accrued holiday expenses	3,315	3,126
Other accrued expenses	14,524	14,143
Taxes and social securities	5,961	4,799
Due to related companies	688	59
Due to parent company	550	–
Other current liabilities	4,092	2,536
	38,858	33,345

20 Contingent liabilities and commitments

Due to the implementation of IFRS 16 – *Leases* as of 1 January 2019, all leases have been recognized on balance as right-of-use assets and lease liabilities, except from leases of low-value assets and short-term leases. As at 31 December 2022, the Group is not committed to a portfolio of short-term leases (reference is made to Note 18).

21 Guarantees

On 30 June 2022, the entire multi-option credit facility from Danske Bank expired (2021: €35 million). The Negative Pledge Declarations, signed by the Company and its subsidiaries to Dankse Bank in connection with this multi-option credit facility, also expired per that date (reference is made to Note 16).

The Company issued a guarantee to Nordea Bank in connection with the loan to a maximum of SEK 50 million (€4.9 million) from its subsidiary QPharma AB (reference is made to Note 15).

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22 Related party disclosures

The following transactions have been entered into with related parties:

		Income from related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
		EUR'000	EUR'000	EUR'000	EUR'000
Entity with control over the Group:					
Draupnir Holding B.V.	2022	–	(1,219)	–	(550)
Draupnir Holding B.V.	2021	–	(322)	–	–
Other related entities:					
Trizell Group	2022	–	(40)	–	(13)
Trizell Group	2021	–	–	–	–
Esperante Ltd.	2022	–	(156)	–	(71)
Esperante Ltd.	2021	–	–	–	–
Ferring Group	2022	8,845	(2,354)	691	(604)
Ferring Group	2021	10,084	(1,413)	500	(59)
Temporell Invest Ltd.	2022	–	(9)	–	(333)
Temporell Invest Ltd.	2021	–	(9)	–	(333)
Altacor Ltd.	2022	–	(325)	–	–
Altacor Ltd.	2021	–	–	–	–
Polypeptide Group	2022	6	–	–	–
Polypeptide Group	2021	–	–	–	–

Purchases from and amounts due to Draupnir Holding B.V. relate to service fees.

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

Purchases from and amounts payable to the Ferring Group relate to purchases of goods, 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 15).

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

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Transactions with key management personnel

Compensation of key management personnel of the Group:

	2022	2021
	EUR'000	EUR'000
Salaries and short-term employee benefits	2,728	2,033
Post-employment pension benefit	281	213
Total compensation paid to key management personnel	3,009	2,246

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel, of which €45,000 (2021: €45,000) relate to remuneration of Managing Directors.

23 Notes supporting statement of cash flows

	Non-current interest-bearing loans and borrowings	Current interest-bearing loans and borrowings	Short-term borrowings banks	Lease liabilities	Other financial liabilities
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 January 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 15)	–	(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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	Non-current interest-bearing loans and borrowings	Current interest-bearing loans and borrowings	Short-term borrowings banks	Lease liabilities	Other financial liabilities
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 January 2022	5,675	11,194	35,259	11,696	14,068
Cash flows	56,062	(7,505)	(32,376)	(3,325)	(5,084)
Non-cash flows:					
- Additions	–	–	–	1,083	–
- Accrued interest	–	–	–	209	127
- Share premium contribution in kind (Note 13)	(53,450)	–	–	–	–
- Disposals	–	–	–	(18)	–
- Transfer	251	(251)	–	–	–
- Currency exchange differences	(468)	567	(142)	(179)	586
Balance as at 31 December 2022	8,070	4,005	2,741	9,466	9,697

The Group has operating subsidiaries in Russia, for which international restrictions apply on cash remittances as at 31 December 2022. Mainly as a result of these (currency) restrictions, a total amount of RUB 241.6 million (€3.2 million) included in cash and cash equivalents is restricted for use by the Company, but yet still available in Russia for use in the relevant subsidiary's day-to-day operations.

24 Financial risk management objectives and policies

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

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

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

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and foreign currency risk. The sensitivity analyses in the following sections relate to the position as at the year ended 31 December 2022 and 2021.

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

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

Interest rate risk:

- The sensitivity of the profit before tax is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held as at 31 December 2022 and 2021.

Foreign currency risk:

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

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate cash flow risk, as interest-bearing loans and borrowings have been granted at fixed and variable interest rates. Revision of the fixed interest rate is possible at renewal of the liability. The Group decides whether to enter into fixed or variable interest contract based on the most favourable conditions at the time of entering in the contract. The Group does not enter in derivatives to hedge interest rate risks.

The tables hereunder demonstrate the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ decrease in basis points	Effect on profit before tax
		EUR'000
As at 31 December 2022		
	+15	(10)
	+20	(14)
	(10)	7
	(15)	10
As at 31 December 2021		
	+15	(58)
	+20	(77)
	(10)	38
	(15)	58

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Foreign currency risk

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

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

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

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

Foreign currency sensitivity

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

	Effect on profit before tax		Effect on equity	
	2022	2021	**2022**	2021
	EUR'000	EUR'000	EUR'000	EUR'000
Change in SEK rate				
4%	54	101	–	–
(4%)	(54)	(101)	–	–
Change in USD rate				
4%	(225)	64	–	–
(4%)	225	(64)	–	–
Change in RUB rate				
4%	636	347	–	–
(4%)	(636)	(347)	–	–

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Credit risk

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

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

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

Liquidity risk

The Group monitors its risk to a shortage of funds using a cash flow forecast model. This model considers the maturity of both its non-current and current assets (trade receivables and other financial assets) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility using bank overdrafts, bank loans and funding from and to other entities within the Group. The following tables summarize the maturity profile of the Group's financial liabilities at 31 December of each year based on contractual undiscounted payments.

	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 2022						
Interest-bearing loans and borrowings	(333)	–	(2,167)	(7,779)	(3,742)	(14,021)
Lease liabilities	–	(332)	(2,462)	(6,156)	(981)	(9,931)
Short-term borrowings from banks	(2,741)	–	–	–	–	(2,741)
Other financial liabilities	–	–	(6,242)	(3,650)	–	(9,892)
Trade payables	(10,394)	(12,008)	(2,368)	–	–	(24,770)
Other payables	(714)	(16,767)	(20,589)	(788)	–	(38,858)
	(14,182)	(29,107)	(33,828)	(18,373)	(4,723)	(100,213)
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)

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Capital management

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

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2022. The Group monitors capital using shareholder equity ratio, being total shareholder equity divided by total equity and liabilities, based on the consolidated financial statements. The Group has no formally approved ratio range but considers a ratio above 25% as being a healthy ratio.

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

	2022	2021
	EUR'000	EUR'000
Total shareholder equity	226,105	167,429
Total equity and liabilities	341,051	312,653
Shareholder equity ratio	66%	54%

25 Financial instruments

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

	Fair value through profit or loss	At amortized cost	Total carrying value
	EUR'000	EUR'000	EUR'000
As at 31 December 2022			
Financial assets			
Non-current financial assets (7)	80	–	80
Trade receivables (11)	–	90,478	90,478
Other receivables and other current assets (12)	–	14,899	14,899
Cash and cash equivalents	–	27,989	27,989
	80	133,366	133,446

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	Fair value through profit or loss	At amortized cost	Total carrying value
	EUR'000	EUR'000	EUR'000
Financial liabilities			
Interest-bearing loans and borrowings (15)	–	12,075	12,075
Short-term borrowings from banks (16)	–	2,741	2,741
Other financial liabilities (17)	–	9,697	9,697
Lease liabilities (18)	–	9,466	9,466
Trade payables (19)	–	24,770	24,770
Other payables and other current liabilities (19)	–	38,858	38,858
	–	97,607	97,607
As at 31 December 2021			
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 (15)	–	16,869	16,869
Short-term borrowings from banks (16)	–	35,259	35,259
Other financial liabilities (17)	–	14,068	14,068
Lease liabilities (18)	–	11,696	11,696
Trade payables (19)	–	21,016	21,016
Other payables and other current liabilities (19)	–	33,345	33,345
	–	132,253	132,253

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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 2022		
Financial assets		
Non-current financial assets	80	80
Financial liabilities		
Interest-bearing loans and borrowings	(12,075)	(12,148)
Other financial liabilities	(9,697)	(9,697)
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)

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 2022			
Financial assets			
Other financial assets	80	–	–
Financial liabilities			
Interest-bearing loans and borrowings	–	(12,148)	–
Other financial liabilities	–	(9,324)	(373)

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As at 31 December 2021

	Level 1	Level 2	Level 3
	EUR'000	EUR'000	EUR'000
Financial assets			
Other financial assets	742	–	–
Financial liabilities			
Interest-bearing loans and borrowings	–	(16,869)	–
Other financial liabilities	–	(13,643)	(425)

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

26 Subsequent events

On 1 January 2023, the Company's shareholder contributed all its shares in Draupnir Holdings Ltd. ('Draupnir UK Group') to the Company as a share premium contribution in kind. The Draupnir UK Group is a specialty pharmaceutical group comprising a portfolio of ophthalmic and niche pharmaceutical products.

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

	EUR'000
Intangible assets	3,313
Right-of-use assets	43
Deferred income tax assets	615
Inventories	2,314
Trade receivables	3,190
Other receivables and other current assets	1,189
Cash and cash equivalents	2,862
Interest-bearing loans and borrowings	(1,920)
Lease liabilities	(43)
Trade payables	(1,378)
Other financial liabilities	(3,773)
Other payables and other current assets	(839)
Total net assets contributed	5,573

There have been no other significant events subsequent to the financial year 2022, which would require additional disclosure in the financial statements.

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COMPANY INCOME STATEMENT
for the year ended 31 December 2022

	2022		2021	
	EUR'000	EUR'000	EUR'000	EUR'000
Net result from company activities		1,494		2,080
Net result from investments in subsidiaries (3)		(259)		17,490
Result for the year		1,235		19,570

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COMPANY STATEMENT OF FINANCIAL POSITION
31 December 2022
(before appropriation of net profit)

A s s e t s

	2022		2021	
	EUR'000	EUR'000	EUR'000	EUR'000
Non-current assets				
Property, plant and equipment	40		46	
Investments in subsidiaries (3)	179,075		149,714	
Loans to subsidiaries (4)	42,834		35,721	
Right-of-use assets	63		413	
Deferred income tax assets	1,518		1,518	
Total non-current assets		223,530		187,412
Current assets				
Receivables due from group companies (11)	4,173		51,253	
Corporate income tax receivable	2,125		1,316	
Other receivables and other current assets	4		1,446	
Cash and cash equivalents	2,411		117	
Total current assets		8,713		54,132
Total assets		232,243		241,544

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Equity and liabilities

	2022		2021	
	EUR'000	EUR'000	EUR'000	EUR'000
Shareholder's equity (5)				
Issued capital	500		500	
Share premium	178,325		124,510	
Translation reserve	3,159		(241)	
Retained earnings	43,210		23,439	
Result for the year	1,235		19,570	
Total equity		226,429		167,778
Non-current liabilities				
Long-term loans from subsidiaries (6)	3,281		10,233	
Lease liabilities	193		302	
Total non-current liabilities		3,474		10,535
Current liabilities				
Trade payables	173		33	
Payables due to group companies (7)	858		30,193	
Payables due to parent company	550		–	
Short-term borrowings from banks	–		32,333	
Other payables and other current liabilities	650		565	
Lease liabilities	109		107	
Total current liabilities		2,340		63,231
Total liabilities		5,814		73,766
Total shareholder's equity and liabilities		232,243		241,544

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NOTES TO THE COMPANY FINANCIAL STATEMENTS

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1 General

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

The Group offers a unique combination of pharmaceutical products, services and technologies and consists of four separate business units, each with their own specialist focus; Nordic Pharma, SEVER Pharma Solutions, Amring USA and Izvarino Pharma.

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, 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 Cryosphere Foundation (formerly Foundation Mamont), registered on Guernsey.

As at 31 December 2022, the Board consisted of Mr. J.D. Hobbs, Mr. H. Schram and Mr. E.H.M. Schropp.

On 28 September 2021, the Dutch senate approved a bill aimed at creating a more balanced ratio between women and man in management and supervisory boards. This bill is effective as from 1 January 2022 and includes ingrowth quota for boards of at least one-third male and one-third female.

At the moment the Company's entire Board of Directors consists of men and there are no vacancies. However, in the event a board seats becomes available, a person contributing to a more balanced gender ratio of the Board will be considered.

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.

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

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

3 Investment in subsidiaries

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

Name	Location	Percentage of ownership **2022**	2021
Directly held:			
SPS Swedish Holdco AB	Sweden, Malmö	100%	100%
Izvarino Farma AB	Sweden, Malmö	100%	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%
Linepharma International Inc.	Canada, Toronto	100%	100%
Nordic Pharma Inc.	Canada, Toronto	100%	100%
Nordic Pharma S.r.o.	Czech Republic, Prague	100%	100%
Nordic Pharma SAS	France, Paris	100%	100%
Exelgyn SAS	France, Paris	100%	100%
Linepharma S.a.r.l.	France, Paris	100%	100%
AGT LLC	Georgia, Tbilisi	100%	100%
Nordic Pharma GmbH	Germany, Ismaning	100%	100%
Nordic Pharmaceuticals Ltd.	Hong Kong, Wanchai	100%	100%
Nordic Pharma Ltd.	Ireland, Dublin	100%	100%
Nordic Pharma S.r.l.	Italy, Milan	100%	100%
Linepharma KK	Japan, Tokyo	100%	100%
Farmaprim S.R.L.	Moldova, Chisinau	90%	90%
Nordic Pharma B.V.	The Netherlands, Baarn	100%	100%
Nordic Pharma Spolka Spzoo.	Poland, Warschau	100%	100%
Amring Farma S.r.l.	Romania, Bucharest	100%	100%
Nanopharma Development LLC	Russia, Kazan	100%	100%
SEVER LLC	Russia, Kazan	100%	100%

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Name	Location	Percentage of ownership **2022**	2021
Izvarino Pharma LLC	Russia, Moscow	100%	100%
Sparv Research LLC	Russia, Moscow	100%	100%
Nordic Pharma S.A.	Spain, Madrid	100%	100%
Nordic Drugs AB	Sweden, Malmö	100%	100%
QPharma AB	Sweden, Malmö	100%	100%
Nordic Pharma GmbH	Switzerland, Zurich	100%	100%
SEVER Life Sciences S.A.	Switzerland, St. Prex	100%	100%
Nordic Pharma Ltd.	United Kingdom, Windsor	100%	100%
Linepharma International Ltd.	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%	100%
SPS US Operations Inc.	U.S.A., Delaware	100%	100%
Foster Delivery Science Inc.	U.S.A., Connecticut	100%	100%
Science Hill Realty LLC	U.S.A., Connecticut	100%	100%

Percentage of voting shares is equal to percentage of ownership.

The following events took place in 2022:

- On 26 May 2022, Celopharma Inc. changed its name into Linepharma International Inc.
- On 23 December 2022, the Company contributed its shares in QPharma AB to SPS Swedish Holdco AB.

In view of the recent geopolitical developments, the Group is exploring the possibility of divesting its Russian subsidiaries. No formal divestment process has yet been initiated but it is the Group's intention to divest these assets in a responsible way. The Group however recognizes that in the event of such a divestment, the overall political situation as well as potential direct or indirect restrictions on divestments will adversely affect the value of these subsidiaries as compared to prior years and may result in a significant impairment.

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Changes in investment in subsidiaries are as follows:

	EUR'000
Balance as at 1 January 2021	115,368
Share premium contribution in kind (reference is made to Note 4, 5)	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
Balance as at 1 January 2022	149,714
Contribution of loans and unpaid accrued interest (reference is made to Note 4)	26,019
Net result from investments in subsidiaries	(259)
Re-measurement gains (losses) on defined benefit plans	201
Currency exchange differences	3,400
Balance as at 31 December 2022	179,075

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

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

On 18 May 2021, effectively 1 January 2021, the Company's shareholder made a share premium contribution in kind to the Company for a total amount of €35.0 million consisting of the shares in Izvarino Farma AB, which are valued at €11.4 million and a loan receivable for an amount of €23.6 million (reference is made to Note 8 of the consolidated financial statements and Note 4 and 5 of the company financial statements).

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 of the consolidated financial statements).

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 €10.2 million.

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4 Loans to subsidiaries

	2022	2021
	EUR'000	EUR'000
Loan to QPharma AB	–	4,177
Loan to SPS Swedish Holdco AB	–	7,974
Loan to Izvarino Farma AB	25,419	23,570
Loan to Nordic Group B.V.	17,135	–
Loan to Farmaprim S.R.L.	280	–
Balance as at 31 December	42,834	35,721

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

	EUR'000
Balance as at 1 January 2021	6,910
Additions	7,974
Share premium contribution in kind (reference is made to Note 3, 5)	23,570
Repayments	(2,700)
Currency exchange differences	(33)
Balance as at 31 December 2021	35,721

Balance as at 1 January 2022	35,721
Additions	33,565
Contribution in kind (reference is made to Note 3)	(25,861)
Repayments	(500)
Currency exchange differences	(91)
Balance as at 31 December 2022	42,834

On respectively 30 November 2022 and 15 December 2022, the loans due from QPharma AB and SPS Swedish Holdco AB are contributed by the Company.

The loan due from Izvarino Farma AB is provided under a mutual Euro Credit facility agreement. The maximum amount of the facility is €25 million at twelve-month EURIBOR plus a margin of 4.50% for 2022, ending on 31 December 2026.

The loan in due from Nordic Group B.V. is provided under a mutual Euro Credit facility agreement. The maximum amount of the facility is €20 million at twelve-month EURIBOR plus a margin of 1.60% for 2022, ending on 31 December 2025.

The loan in Euro due from Farmaprim S.R.L. is provided under a mutual Euro Credit facility agreement. The maximum amount of the facility is €0.3 million at twelve-month EURIBOR plus a margin of 1.60% for 2022, ending on 31 December 2023.

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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 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
Balance at 1 January 2022	500	124,510	(241)	23,439	19,570	167,778
Result for the year	–	–	–	–	1,235	1,235
Re-measurement gains (losses) on defined benefit plans	–	–	–	201	–	201
Currency translation adjustment	–	–	3,400	–	–	3,400
Total comprehensive income	–	–	3,400	201	1,235	4,836
Share premium contribution in kind	–	53,815	–	–	–	53,815
Appropriation profit previous year	–	–	–	19,570	(19,570)	–
Balance at 31 December 2022	500	178,325	3,159	43,210	1,235	226,429

The issued share capital as at 31 December 2022 comprised 500,000 shares (2021: 500,000) of €1.00 (2021: €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 20 December 2022, the Company's shareholder Draupnir Holding B.V. made a share premium contribution in kind to the Company for a total amount of €53.8 million consisting of a receivable in connection with a Credit Facility Agreement.

On 18 May 2021, effectively 1 January 2021, the Company's shareholder made a share premium contribution in kind to the Company for a total amount of €35.0 million consisting of the shares in Izvarino Farma AB, which are valued at €11.4 million and a loan receivable for an amount of €23.6 million (reference is made to Note 8 of the consolidated financial statements and Note 3 and 4 of the company financial statements).

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6 Loans from subsidiaries

	2022	2021
	EUR'000	EUR'000
Loan from Nordic Group B.V.	–	10,233
Loan from Amring Pharmaceuticals Inc.	3,281	–
	3,281	10,233

Changes in loans from subsidiaries are as follows:

	EUR'000
Balance as at 1 January 2021	15,762
Netting of intercompany positions	(2,647)
Repayments	(3,017)
Currency exchange differences	135
Balance as at 31 December 2021	10,233
Balance as at 1 January 2022	10,233
Proceeds	3,328
Repayments	(10,117)
Currency exchange differences	(163)
Balance as at 31 December 2022	3,281

The loans with Nordic Group B.V. consist of an EUR loan and a SEK loan and were repaid early during 2022. The EUR loan was provided under a mutual credit facility agreement with a maximum of €10 million at twelve-month EURIBOR plus a margin of 1.60%, ending on 31 December 2025. The SEK loan was provided under a credit facility agreement with a maximum of SEK 45 million at twelve-month EURIBOR plus a margin of 1.60%, ending on 31 December 2025.

The loan due to Amring Pharmaceuticals Inc. is provided under a credit facility agreement with a maximum of USD 10 million at quarterly USD Libor plus a margin of 1.00%, ending on 31 December 2025.

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7 Payables due to group companies

	2022	2021
	EUR'000	EUR'000
Payables to group companies	858	540
Danske Bank cash pool (Note 10)	–	29,653
	858	30,193

8 Contingent liabilities and commitments

The Company has no contingent liabilities and/or commitments as at 31 December 2022 (2021: none).

9 Employee information

The Company had 2 employees during 2022 (2021: 2).

10 Guarantees

On 30 June 2022, the entire multi-option credit facility from Danske Bank expired (2021: €35 million). The Negative Pledge Declarations, signed by the Company and its subsidiaries to Dankse Bank in connection with this multi-option credit facility, also expired per that date (reference is made to Note 7).

The Company issued a guarantee to Nordea Bank in connection with the loan to a maximum of SEK 50 million (€4.9 million) from its subsidiary QPharma AB.

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

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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.	2022	–	(1,219)	–	(550)
Draupnir Holding B.V.	2021	–	(322)	–	–
Other related entities:					
Nordic Group B.V.	2022	2,136	(81)	18,238	(805)
Nordic Group B.V.	2021	1,573	(192)	–	(10,233)
QPharma AB	2022	434	–	136	–
QPharma AB	2021	340	–	4,177	(35)
Amring Pharmaceuticals Inc.	2022	307	(6)	307	(3,287)
Amring Pharmaceuticals Inc.	2021	–	(42)	–	(2)
Disphar International B.V.	2022	243	–	31	(805)
Disphar International B.V.	2021	160	–	–	(65)
Izvarino Farma AB	2022	1,134	–	27,471	–
Izvarino Farma AB	2021	1,240	–	23,570	–
SPS Swedish Holdco AB	2022	142	–	–	–
SPS Swedish Holdco AB	2021	19	–	7,974	–
Nordic Pharma B.V.	2022	–	–	365	–
Nordic Pharma B.V.	2021	–	–	223	–
Farmaprim S.R.L.	2022	180	–	460	–
Farmaprim S.R.L.	2021	–	–	–	–
Esperante Ltd.	2022	–	(156)	–	(71)
Esperante Ltd.	2021	–	–	–	–
Trizell Ltd.	2022	–	(30)		(13)
Trizell Ltd.	2021	–	–	–	–
Amring Holding SA	2022	47	–	–	–
Amring Holding SA	2021	–	–	–	–
Ferring Group	2022	–	–	–	(99)
Ferring Group	2021	–	–	–	(99)

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

Amounts due to Nordic Group B.V. relate to the closing of the cash pool amount and corporate income due to the fiscal unity. Income from Nordic Group B.V. relates to service fees and recharge of product liability insurance fees.

Income from and amounts due from QPharma AB relate to service fees.

Income from and amounts due from Amring Pharmaceuticals Inc. relate to service fees. Purchases from and amounts due from Amring Pharmaceuticals Inc. relate to interest and a loan payable (Note 6).

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

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

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

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

Income from and amounts due from Farmaprim S.R.L. relate to service fees.

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

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

Income from Amring Holding SA relates to product liability insurance fees.

All outstanding balances with related parties as at 31 December 2022 are due on demand and bear no interest. No agreements have been made on repayments, and no securities are given.

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

Remuneration of the Board of Directors

The Company was not charged for any remuneration of its Managing Directors during the year 2022 (2021: not charged). The total remuneration of Managing Directors charged to subsidiaries amounts to €45,000 (2021: €45,000).

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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
2022			
Audit of financial statements	253	125	378
Total	253	125	378
2021			
Audit of financial statements	216	137	353
Total	216	137	353

13 Proposed appropriation of net result

During the year the Company recorded a net profit of €1,235,000. The Managing Directors propose to add this net profit to the retained earnings.

14 Subsequent events

On 1 January 2023, the Company's shareholder contributed all its shares in Draupnir Holdings Ltd. ('Draupnir UK Group') to the Company as a share premium contribution in kind. The Draupnir UK Group is a specialty pharmaceutical group comprising a portfolio of ophthalmic and niche pharmaceutical products.

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

	EUR'000
Intangible assets	3,313
Right-of-use assets	43
Deferred income tax assets	615
Inventories	2,314
Trade receivables	3,190
Other receivables and other current assets	1,189
Cash and cash equivalents	2,862
Carried forward	13,526

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	EUR'000
Brought forward	13,526
Interest-bearing loans and borrowings	(1,920)
Lease liabilities	(43)
Trade payables	(1,378)
Other financial liabilities	(3,773)
Other payables and other current assets	(839)
Total net assets contributed	5,573

There have been no other significant events subsequent to the financial year 2022, which would require additional disclosure in the financial statements.

* * * * *

Hoofddorp, 28 April 2023

Managing Directors

DocuSigned by:
Jeffrey Hobbs
DD153D7C5CBD4BD...
J.D. Hobbs
(Chairman)

DocuSigned by:
Mr. H. (Hans) Schram
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H. Schram

DocuSigned by:
E.H.M. Schropp
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E.H.M. Schropp

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OTHER INFORMATION

Statutory rules concerning appropriation of net result

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

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The Netherlands

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Independent auditor's report

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

A. Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 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 2022 and of its result and its cash flows for 2022 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 2022 and of its result for 2022 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 2022;
2. the following statements for 2022: the consolidated income statement, the consolidated statements of other comprehensive income, changes in equity and cash flows; and
3. the notes comprising material accounting policy information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2022;
2. the company profit and loss account for 2022; 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.

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).

Registered office Eindhoven, The Netherlands. Chamber of Commerce registration number 17171186.
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We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Information in support of our opinion

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

Audit approach going concern

As explained in the section 'Going concern' on page 6 of the financial statements, the Management Board has carried out a going concern assessment and identified no going concern risks. Our procedures to evaluate the going concern assessment of the Managing Board included, among others, the following:

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

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

Audit approach fraud risks

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

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

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

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

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RISK OF FRAUDULENT REVENUE RECOGNITION	AUDIT PROCEDURES AND OBSERVATIONS
We identified a fraud risk in revenue recognition. This relates to the presumed management incentive that exists to overstate revenue. The group's main key performance indicator is revenue. The company is performance driven and aims for a continuous organic growth of its operations. As can be read from the Managing Director's report, management aims to achieve revenues of EUR 500 million in the coming years. In order to meet this target, management is rather expected to overstate its revenues than understate its revenues. The majority of the Group's revenue relates to the sale of goods, which is recorded at the time that control over the goods transfers to the customer. For the majority of sales transactions this is when the products are leaving the Group's warehouse. As such, there is limited risk of management manipulation. Rather, the risk of fraud in revenue recognition is focused on the occurrence of inappropriate manual transactions.	In response to the assessed fraud risk, our audit procedures included, amongst others, the following: ▶ Where relevant for the audit, evaluating the design and implementation of the internal control measures relating to the recognition of revenues. ▶ Assessing the proof in total on the movement of goods (inventory at the start of the year; adding goods purchased during the year; less inventory at year-end should equal sales during the year). ▶ Performing detailed substantive testing of revenue by vouching a sample of sales invoices to supporting shipping documents and authorized sales orders. ▶ Performing specific manual journal entry testing procedures on revenue accounts, including assessment of credits on accounts receivables other than cash receipts. ▶ Obtaining and evaluating credit notes issued during the year, and subsequent to year-end, and performing cut-off testing to ensure revenue transactions have been recorded in the correct reporting period. ▶ Verifying the existence of outstanding accounts receivable positions as at year-end with customer confirmations and by subsequent cash collection tests, as well as existence testing by reconciling outstanding sales invoices to supporting shipping documents. ▶ Performing stock count procedures and obtaining stock confirmations from external warehouses to confirm the existence of inventories at year-end. ▶ Assessing the adequacy of the disclosures in the financial statements relating to revenues (Note 3). Our audit procedures did not reveal any specific indications of fraud or suspicions of fraud in respect of revenue recognition, potentially resulting in material misstatements.

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RISK OF FRAUD IN REVENUES WITH GROSS-TO-NET ADJUSTMENTS	AUDIT PROCEDURES AND OBSERVATIONS
In the United States, one group company sells its products to customers under a variety of commercial and government mandated contracts that include various rebates, chargebacks and right of return for certain pharmaceutical products. Revenue recognition reflects the accrual for these returns, chargebacks and rebates, which are netted against the gross revenue, resulting in the net revenues as presented in the financial statements. These accruals are known as the gross-to-net adjustments ("GTN adjustments"). There is significant management estimation in determining the accruals in the United States. Assumptions used to estimate the rebates are monitored and adjusted regularly in light of contractual and legal obligations, historical trends, past experience and projected market conditions.	In response to the assessed fraud risk, our audit procedures included, amongst others, the following: ▶ Where relevant for the audit, evaluating the design and implementation of the internal control measures regarding the "GTN adjustments". ▶ Performing detailed sampling procedures on chargebacks in which we agreed the wholesale acquisition price invoiced and the chargeback credited with the underlying customer contract. ▶ Performing back testing procedures on the chargeback accrual recorded as at 31 December 2021 based on the actual chargebacks in 2022. ▶ Assessing management's calculation of the chargeback provision based on the audit of historical data. ▶ Assessing management's calculation of the chargeback provision by agreeing the number of units to be included in the chargeback provision with external confirmations from customers' third party warehouses. ▶ Verifying that all sales transactions eligible for returns have been included in the returns provisions. ▶ Challenging the reasonableness of the return percentages for each individual product based on historical data. ▶ Performing back testing procedures on the return provision recorded as at 31 December 2021 based on the actual returns in 2022. ▶ Assessing management's calculation of the rebate accrual based on the audit of historical data and the audited Unit Rebate Amount. ▶ Performing a search for unrecorded liabilities with specific attention to rebates invoiced by customers after reporting date. Our audit procedures did not reveal any specific indications of fraud or suspicions of fraud in respect of revenue recognition relating to "GTN adjustments", potentially resulting in material misstatements.

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

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

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

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

C. Report on other information included in the annual report

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

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

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

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

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

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

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

D. Description of responsibilities regarding the financial statements

Responsibilities of management and the for the financial statements

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

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

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

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

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

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

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

Amstelveen, 28 April 2023

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

A.P. van Veen RA