

Registered number: 04369760

SWEDISH ORPHAN BIOVITRUM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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SWEDISH ORPHAN BIOVITRUM LIMITED

COMPANY INFORMATION

Directors	S Fahmy H Stenqvist M Oliver (appointed 1 February 2021) S E Cox (resigned 1 February 2021)
Company secretary	S E Cox
Registered number	04369760
Registered office	Suite 2, Building 3 Riverside Suite Granta Park Great Abington Cambridge CB21 6AD
Independent auditor	Ernst & Young LLP Chartered Accountants & Statutory Auditor One Cambridge Business Park Cambridge CB4 0WZ
Bankers	Handelsbanken Byron House Cambridge Business Park Cowley Road Cambridge CB4 0WZ
Solicitors	Bird & Bird 15 New Fetter Lane London EC4A 1JP

SWEDISH ORPHAN BIOVITRUM LIMITED

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SWEDISH ORPHAN BIOVITRUM LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their strategic report for Swedish Orphan Biovitrum Limited ("the company") for the year ended 31 December 2021.

Principal activity

The principal activity of the company is the marketing and selling of products used for the treatment of rare medical disorders.

Business review

The sales performance for the company decreased by 4.1% for 2021, due to a significant increase in VPAS contribution. Due to continued improved margins on the combined product range, and strong cost control, operating profits and the operating margin increased from 2020 to 2021.

Current assets as a percentage of current liabilities rose due primarily to reductions in VAT liabilities as a result of the winding-down of the VAT deferral provided in 2020.

The key performance indicators for the year are as follows:

	2021 £	2020 £	Change %
Turnover	40,762,480	42,495,906	-4.1
Operating profit	2,922,407	2,477,759	+17.9
Retained profit carried forward	12,894,465	10,196,309	+26.5
Current assets as a % of current liabilities	218%	170%	+48%
Average number of employees	49	42	+17%

Covid-19

Since early 2020 and up to the time of this report, the Covid-19 pandemic has affected every part of society and every sector of industry, but none more so than the healthcare sector. In the UK, the NHS has been put under incredible strain and the impact on patients, staff and clinicians is in many cases life-changing. The pharmaceutical industry, being indelibly linked to public health provision, has felt these effects albeit in a less severe manner. Access to customers and healthcare professionals has been extremely limited and almost entirely through remote communication, and the availability of our traditional contacts in the NHS has been restricted due to the reprioritisation of so many people's time and focus.

For the company, our first priority remains our patients and ensuring that they continue to receive the life-changing, and in some cases life-saving, drugs that they need. Accordingly we have continued to monitor any potential impacts to our business and particularly to our supply chain and our ability to continue to provide drugs and support to our patients and customers in the healthcare environment.

The circumstances of Covid-19 currently assessed as significant to the Company are:

People – our adoption of a "hybrid" working model takes account of the continued restrictions on access to customers and stakeholders in healthcare locations whilst also recognising the value of face-to-face interactions and a "fixed place of work" for many employees to collaborate and engage with each other.

Given that most of our customers work within hospitals and healthcare centres, where the safety and health of patients and healthcare workers is paramount, we continue to operate on the basis that we will only attend hospitals, healthcare centres or other customer workplaces when agreed to with those customers and with an abundance of caution in following all appropriate guidance.

SWEDISH ORPHAN BIOVITRUM LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Covid-19 (continued)

Health & safety – as noted above, the health and safety of our patients, customers and employees is of paramount importance to the company and we continue to support our employees in working in the safest and most compliant manner possible with all government guidelines. At the time of writing, employees are able to gather in safe, compliant workplaces where appropriate, and our experience to date is that the vast majority of employees appreciate a balance of being able to work remotely when needed, but to work in a fixed location and in conjunction with others when it makes sense to do so.

Supply Chain – we have assessed our supply chain and we are confident that the pandemic does not, in the short or medium term, bear any risks to our ability to source and supply products to patients and customers in the UK.

In general terms our patients continue to have a need for the products that we provide to the healthcare market in the UK, and we do not perceive that need to have changed significantly due to the pandemic. Nonetheless, we recognise that in some situations the restrictions on scheduled operations have changed the ordering patterns of many hospitals and we have worked with our customers to ensure we are able to respond to those needs.

Section 172 Companies Act Report

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006, being:

- The likely consequences of any decision in the long term.
- The interests of the Company's employees.
- The need to foster the Company's business relationships with suppliers, customers and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the Company.

Each of the Directors is mindful of their duties under section 172 (s172) to run the Company for the benefit of its shareholders, and in doing so, to take into account the long term impact of any decisions on stakeholder relationships and the impact of its activities on its reputation for high standards of business conduct.

The Directors remain mindful of the Company's responsibilities to the healthcare community in the UK, to protect our most vulnerable stakeholders, and to contribute to the national effort to combat the Covid 19 pandemic. We are actively listening to the voice of our customers, colleagues, and patient groups to ensure that we continue to meet their needs.

We are acutely aware of the challenges facing the hospitals and critical care centres due to the requirements of lockdown and the necessary limitations on physical interactions, particularly in clinical settings with frontline staff or patients. Since March 2020 and throughout the past 24 months we have continued to operate on the basis that no staff will visit hospitals, care centres, or other clinical settings until and unless it is deemed safe to do so by the stakeholders they are engaging with. In moving to a more remote way of working the Directors are proud of the adaptations all staff have made to engage with digital technology and leverage it to maintain our stakeholder relationships and continue to provide support to the healthcare community.

In engaging with employees, the Directors and the executive leadership team have consistently provided insights into the key matters being considered in the regular discussions and meetings held throughout the year. These engagements have taken the form of regular newsletters and updates, as well as "town hall" style meetings, where all employees have been given the opportunity to hear about major decisions and trends in the business and to ask questions of the Directors and the leadership team.

SWEDISH ORPHAN BIOVITRUM LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Section 172 Companies Act Report (continued)

Over the course of the pandemic, the company has ensured that working practices put our employees' and our customers' health and wellbeing at the forefront of our policies. We have consulted regularly with employees and shaped our guidance on remote working to ensure both compliance with the evolving government guidance as well as consideration for employee wellbeing. Regular employee surveys have taken place, both from our parent company and within the Company itself, and the Directors have taken very seriously the requirement to absorb and understand the results of these surveys, and ensure that the messages are acted upon and the outcomes are followed up with individuals and teams. In this way the Directors and the leadership team aim to maintain our strong collaborative spirit throughout the Company, where every employee has a part to play and every contribution is valued.

At the time of writing, the company is operating a hybrid model of engagement, with staff able to work from home when necessary but with fixed office space available for collaboration and engagement with internal teams. Staff are expected to spend the majority of their time in face-to-face environments either internally or with external stakeholders, where appropriate and agreed with our customers and partners.

Principal risks and uncertainties

Competitive risks

We have minimal competitive risks within our Speciality Care and Partner Product portfolio of products in the Orphan drug space. However, governmental commissioning groups are under pressure to reduce the NHS drugs bill and therefore, orphan drugs are under pressure to show value for money. Several of our products within the portfolio are outside of the patent protection and we are therefore, at risk from generic competition. This is very difficult to predict and/or counter.

Legislative risks

In the UK and Europe a company engaged in the marketing and selling of products used for treatment of rare medical disorders must comply with the Association of British Pharmaceutical Industry (ABPI) code of practice, and the European Federation of Pharmaceutical Industries and Associations (EFPIA) EU code (EU Code). We also abide and adhere to the Good Distribution Practice (GDP) necessary for distributing pharmaceutical products. The internal training programme for all staff and our standard operating procedures (SOPs) and the continuous review of them, ensure we are compliant with all relevant codes.

Price risk

Price risk arises on financial instruments because of changes in, for example commodity prices or equity prices. The company has no financial instruments where they feel this causes a significant risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation from its operations and applying cash collection targets throughout the company.

Credit risk

Credit risk management is aimed at minimising financial loss to the company. This is managed by ensuring all customers are Experian credit checked.

Foreign exchange risk

Foreign exchange risk is mitigated where possible by a natural hedge, euro suppliers are paid with euros received from euro customers.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The company has no financial instruments where they feel this causes a significant risk.

SWEDISH ORPHAN BIOVITRUM LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties (continued)

Brexit risk

The company considers the risks of Brexit to have reduced significantly in the areas of inbound cross border logistics and supply. The company significantly increased inventory holdings in the UK in 2020 to act as a buffer against any disruption to supply, and through 2021 these additional "buffer" holdings have been partially reduced as confidence in the resilience of the supply chain has strengthened. We work closely with our logistics and supply partners to ensure adequate planning and resourcing for any unforeseen events, particularly driven by staff shortages. The company views this mitigation as sufficient given the level of disruption anticipated even in the most severe scenarios considered as a result of Brexit.

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

M Oliver
Director

Date: 27/09/22



SWEDISH ORPHAN BIOVITRUM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their annual report and the audited financial statements of the company for the year ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £2,513,452 (2020: £2,002,565).

The Directors did not recommend the payment of a dividend during the year (2020: £Nil).

Directors

The Directors who served during the year, and up to the date of signing this report, were:

S Fahmy
H Stenqvist
M Oliver (appointed 1 February 2021)
S E Cox (resigned 1 February 2021)

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements of the company in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited financial statements of the company for each financial year. Under that law the Directors have elected to prepare the audited financial statements of the company in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the audited financial statements of the company unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these audited financial statements of the company, the Directors are required to:

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

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

SWEDISH ORPHAN BIOVITRUM LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern

As a 100% subsidiary of the parent company, Swedish Orphan Biovitrum AB, cash is managed through a "pooling" arrangement whereby excess funds held locally are remitted to the group on a monthly basis, and similarly any temporary shortfalls in cash available locally are supplanted by transfers from the parent company. The Company is therefore reliant on support from its parent and has obtained confirmation from its parent that it will continue to provide the necessary financial support to ensure the company is able to continue as a going concern, for the going concern period.

The Directors have compiled a budget and cash flow forecast for the period to 31 December 2023 being the going concern review period based on levels of trading observed to date in 2022, and taking into account the pricing and funding arrangements between the company and its parent. The Directors remain confident in the existing product portfolio as well as anticipated revenues from products currently in the launch plan, and have set targets for the coming year based on anticipated revenue growth. Order levels through 2022 have not been significantly impacted by Covid-19 and the Directors have no reason to believe that this will change as the pandemic continues. No significant capital expenditure is anticipated in the review period.

As such, the Directors perceive no significant cash flow risk to the business.

The Sobi group continues to perform strongly throughout the world and record sales and profit growth year on year. This, combined with the financial support from Swedish Orphan Biovitrum AB, provides the Directors with assurance that the business can expect to continue as a going concern for the period to 31 December 2023. The Directors have made enquiries of its parent undertaking and are comfortable that the parent has the ability to provide financial support as needed.

Future developments

There are a number of business development projects ongoing that may add to the portfolio, and these are anticipated to have revenues which would enhance the company performance.

Financial instruments

The company finances its activities with short term loans and cash. An overdraft is used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities.

Financial instruments give rise to foreign currency, interest rate, credit, price and liquidity risk, information on how these risks arise is set out in the strategic report, as are the objectives, policies and processes for their management.

Qualifying third party indemnity provisions

The company has taken out insurance to indemnify against third party proceedings, the Directors of the company whilst serving on the board of the company. These indemnity policies existed throughout the year and remain in place at the date of this report.

SWEDISH ORPHAN BIOVITRUM LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Greenhouse gas emissions, energy consumption and energy efficiency action

This report is provided to comply with the UK government's policy on Streamlined Energy and Carbon Reporting.

GHG emissions and energy data:

	2021	2020
Energy consumption		
Purchased electricity (kWh)	23,895	19,226
Transport fuel* (kWh)	43,239	55,382
	<hr/>	<hr/>
Total energy consumption (kWh)	67,134	74,608
	<hr/>	<hr/>
Greenhouse gas emissions		
Purchased electricity (kg CO2e) (Scope 2, location based)	5,376	4,482
Business travel in employee-owned vehicles where the company is responsible for purchasing the fuel* (kg CO2e) (Scope 3)	9,792	13,731
	<hr/>	<hr/>
Total greenhouse gas emissions (kg CO2e)	15,168	18,213
	<hr/>	<hr/>
Intensity ratios		
kg Co2e per £m revenue	371	429
kg CO2e per FTE	308	434

*Represents fuel used in personal cars on business use for which the company reimburses its employees following claims for business mileage.

Methodology

The emissions and energy data noted above has been collated, calculated and presented using the methodology set out in WRI / WBSCD The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), March 2004, including separate guidance on Scope 2 and Scope 3 emissions.

Renewable energy

When reporting emissions related to electricity consumption, the appropriate year's UK Government's grid average emissions conversion factors have been applied to all electricity purchased, including those from renewable sources, non-renewable sources and those where the source is unknown e.g. landlord supplied electricity.

Energy efficiency action

Throughout the year, the company has focused on minimising electricity usage in the UK office through use of lighting sensors to ensure lights are not used when the office is vacant.

The company operates an electric vehicle scheme that supports staff and incentivises them to lease electric vehicles and ultra-low emission vehicles (ULEVs). Car sharing is supported and encouraged, and the company operates a cycle scheme allowing the hiring of bicycles for commuting at a reduced cost to the employee.

SWEDISH ORPHAN BIOVITRUM LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Subsequent events

On 24 February 2022, Russia invaded Ukraine, commencing a period of conflict that continues to this day and may continue for some time to come. The company is deeply concerned for all of those affected by the ongoing crisis in Ukraine and the impact it is having on the lives of millions of people. Whilst the directors have confirmed that the situation has no direct impact either on our ability to generate sales in the UK nor our supply of medicines, which does not involve any suppliers in the region, we recognise that the humanitarian impact on those living there and those displaced by war is significant and tragic for many.

Auditor

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.


Disclosure of information to auditor

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

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

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

M Oliver
Director



Date: 27/09/22

SWEDISH ORPHAN BIOVITRUM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWEDISH ORPHAN BIOVITRUM LIMITED

Opinion

We have audited the financial statements of Swedish Orphan Biovitrum Limited (the 'company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)'.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 31 December 2023.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

SWEDISH ORPHAN BIOVITRUM LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWEDISH ORPHAN BIOVITRUM LIMITED
(CONTINUED)**

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

SWEDISH ORPHAN BIOVITRUM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWEDISH ORPHAN BIOVITRUM LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006, and the United Kingdom direct and indirect tax regulations.
- We understood how company is complying with those frameworks by making enquiries of management to understand how company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries through our review of Board minutes, review of correspondence with relevant authorities, as well as consideration of the results of our audit procedures across the company to either corroborate our findings or provide contrary evidence which was followed up.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding which areas of the business present potential fraud risk areas (through assessing the presence of opportunities, incentives or potential rationalisation to commit such acts of fraud), understanding where these risks could present themselves and subsequently identifying the process level controls in place to prevent, or detect and correct them. Combining this with our review of entity level controls, which have evidenced management's behaviour and the culture embedded within the company, we have gained a detailed understanding of the overall susceptibility to fraud.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved direct enquiries with those charged with governance. In addition, we performed detailed testing around manual journals for identified fraud risks, corroborating balances where necessary to underlying supporting documentation. The results of this procedure did not identify any such instances of irregularities, including fraud.

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

SWEDISH ORPHAN BIOVITRUM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SWEDISH ORPHAN BIOVITRUM LIMITED
(CONTINUED)

Use of our report

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

Ernst & Young LLP

Rachel Wilden
Senior Statutory Auditor
for and on behalf of Ernst & Young LLP
Statutory Auditor, Chartered Accountants
Cambridge
Date: *28 September 2022*

SWEDISH ORPHAN BIOVITRUM LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	40,762,480	42,495,906
Cost of sales		(27,228,107)	(30,689,404)
Gross profit		13,534,373	11,806,502
Administrative expenses		(12,466,374)	(11,482,956)
Other operating income	5	1,854,408	2,154,213
Operating profit	6	2,922,407	2,477,759
Interest receivable and similar income	10	37,328	33,445
Interest payable and similar expenses	11	(1,592)	(1,000)
Profit before tax		2,958,143	2,510,204
Tax on profit	12	(444,691)	(507,639)
Profit for the financial year		2,513,452	2,002,565

There was no other comprehensive income for 2021 (2020: £Nil).

All results stated above derive from continuing activities.

The notes on pages 16 to 34 form part of these financial statements.

SWEDISH ORPHAN BIOVITRUM LIMITED
REGISTERED NUMBER: 04369760

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	51,687	32,295
Right of use assets	14	26,994	27,490
		<u>78,681</u>	<u>59,785</u>
Current assets			
Stocks	15	11,976,896	13,535,877
Debtors: amounts falling due within one year	16	11,288,805	10,411,820
Cash at bank and in hand	17	484,315	634,141
		<u>23,750,016</u>	<u>24,581,838</u>
Creditors: amounts falling due within one year	18	(10,901,231)	(14,412,313)
Net current assets		<u>12,848,785</u>	<u>10,169,525</u>
Total assets less current liabilities		<u>12,927,466</u>	<u>10,229,310</u>
Provisions for liabilities			
Provision	21	(33,000)	(33,000)
		<u>(33,000)</u>	<u>(33,000)</u>
Net assets		<u>12,894,466</u>	<u>10,196,310</u>
Capital and reserves			
Called up share capital	22	1	1
Profit and loss account	23	12,894,465	10,196,309
Total equity		<u>12,894,466</u>	<u>10,196,310</u>

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

M Oliver
Director

Date: 27/09/22

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The notes on pages 16 to 34 form part of these financial statements.

SWEDISH ORPHAN BIOVITRUM LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	1	10,196,309	10,196,310
Comprehensive income for the year			
Profit for the year	-	2,513,452	2,513,452
Total comprehensive income for the year	-	2,513,452	2,513,452
Share based payment transactions	-	695,302	695,302
Share based recharge by parent	-	(695,302)	(695,302)
Deferred tax on share based payments taken directly to equity	-	184,704	184,704
Total transactions with owners	-	184,704	184,704
At 31 December 2021	1	12,894,465	12,894,466

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	1	8,060,683	8,060,684
Comprehensive income for the year			
Profit for the year	-	2,002,565	2,002,565
Total comprehensive income for the year	-	2,002,565	2,002,565
Share based payment transactions	-	502,376	502,376
Share based recharge by parent	-	(502,376)	(502,376)
Deferred tax on share based payments taken directly to equity	-	133,061	133,061
Total transactions with owners	-	133,061	133,061
At 31 December 2020	1	10,196,309	10,196,310

The notes on pages 16 to 34 form part of these financial statements.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Swedish Orphan Biovitrum Ltd ("the company") is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Suite 2, Building 3, Riverside Suite, Granta Park, Great Abington, Cambridge, CB21 6AD.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a)-119(c), 120-127 of IFRS 15 Revenue from Contracts with Customers.

2.3 New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no new amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Going concern

As a 100% subsidiary of the parent company, Swedish Orphan Biovitrum AB, cash is managed through a "pooling" arrangement whereby excess funds held locally are remitted to the group on a monthly basis, and similarly any temporary shortfalls in cash available locally are supplanted by transfers from the parent company. The Company is therefore reliant on support from its parent and has obtained confirmation from its parent that it will continue to provide the necessary financial support to ensure the company is able to continue as a going concern, for the going concern period.

The Directors have compiled a budget and cash flow forecast for the period to 31 December 2023 being the going concern review period based on levels of trading observed to date in 2022, and taking into account the pricing and funding arrangements between the company and its parent. The Directors remain confident in the existing product portfolio as well as anticipated revenues from products currently in the launch plan, and have set targets for the coming year based on anticipated revenue growth. Order levels through 2022 have not been significantly impacted by Covid-19 and the Directors have no reason to believe that this will change as the pandemic continues. No significant capital expenditure is anticipated in the review period.

As such, the Directors perceive no significant cash flow risk to the business.

The Sobi group continues to perform strongly throughout the world and record sales and profit growth year on year. This, combined with the financial support from Swedish Orphan Biovitrum AB, provides the Directors with assurance that the business can expect to continue as a going concern for the period to 31 December 2023. The Directors have made enquiries of its parent undertaking and are comfortable that the parent has the ability to provide financial support as needed.

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

2.7 Leases

The company's lease commitments relate to its premises. Leases are typically negotiated on an individual basis and thus can contain a wide range of terms and conditions, sometimes including options to extend or terminate. The lease liability is considered to be an indicator of the future cash outflows, there are no significant restrictions or covenants, residual value guarantees or sale and leaseback transactions.

The company assesses at contract inception whether a contract is, or contains, a lease. The company initially recognises a right-of-use asset and a corresponding liability at the date at which the leased asset is available.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets is equal to the aggregate lease liabilities recognised on day 1, adjusted for any initial direct costs incurred and restoration and demolition obligations, any lease incentives received and any lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight line basis over the lease term. Right of use assets are tested for impairment at each year end.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Leases (continued)

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted at the incremental borrowing rate. The lease payments include fixed payments less any lease incentives received and amounts expected to be paid under residual value guarantees. In calculating the present value of the lease payments, the company uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. Following recognition, the liability is reduced for the lease payments made and increased by the interest accrued. Moreover, the carrying amount of the lease liability is re-measured in the event of a modification, such as a change in the lease term or change in the lease payments. The interest cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining liability for each period.

The company applies the short-term lease exemption to those leases that have a lease term of 12 months or less from the commencement date and also applies the exemption for leases of low value assets to office equipment. Lease payments relating to these exemptions are recognised in operating expenses on a straight line basis over the lease term. These exemptions are not applied to property leases and any short term property leases are accounted for as above.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 Long-term incentive programme

The fair value of the allotted share programmes is estimated on the issue date using a generally accepted modelling technique, the Monte Carlo simulation model, whereby the market-related conditions are taken into account. The share programmes include a revenue component whereby the fair value of the allotted shares may fluctuate, depending on the assumptions of target achievement. The total amount to be expensed is based on the fair value of the shares allotted.

The total amount is recognised as a personnel cost in profit or loss over the vesting period, and corresponding adjustments are made in equity. At the end of every quarter, the management reviews its assessments of how many shares are expected to be vested based on the service requirement. The shares are delivered to the employee when vested under the framework of the programmes.

There is also a long term cash based incentive programme but this does not constitute share based remuneration.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold improvements	- 20% per annum on cost or over lease term if lower
Office equipment	- 20% - 33% per annum on cost

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the reporting.

2.19 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, 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. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The company always recognises lifetime expected credit loss ("ECL") for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.19 Financial instruments (continued)

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in notes 12 and 20.

Lease term

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease where this is reasonably certain to be exercised, or any periods covered by an option to terminate the lease where this is reasonably certain not to be exercised.

Many of the company's leases, particular property leases, contain options for the company to extend and/or terminate the lease term. The company applies judgement in evaluating whether it is reasonably certain to exercise these options, taking account of all relevant factors that create an economic incentive for it to do so. After the lease commencement date, the company reassesses the lease term if there has been a significant event or change in circumstances that is within its control and which affects its ability to exercise (or not to exercise) the option to renew and / or to terminate (e.g. a change in business strategy).

SWEDISH ORPHAN BIOVITRUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Product sales	<u>40,762,480</u>	<u>42,495,906</u>

All turnover arose within the European Union.

5. Other operating income

	2021 £	2020 £
Other operating income	<u>1,854,408</u>	<u>2,154,213</u>

Other operating income represents a 2% (2020: 7%) mark-up is charged to the company's parent undertaking on costs paid on its behalf.

6. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	25,559	131,879
Depreciation of right of use assets	99,525	83,924
Exchange differences	(2,973)	30,077
Cost of equity settled share awards	<u>695,302</u>	<u>502,376</u>

7. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the company:

Fees for the audit of the company	23,808	24,527
Fees for other assurance services	9,500	9,500
	<u>33,308</u>	<u>34,027</u>

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	5,880,731	5,931,655
Social security costs	735,507	894,366
Cost of defined contribution scheme	378,935	364,709
	<u>6,995,173</u>	<u>7,190,730</u>

Included within wages and salaries above is the share based payment charge of £695,302 (2020: £502,376).

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

	2021 No.	2020 No.
Administration	8	8
Sales and marketing	41	34
	<u>49</u>	<u>42</u>

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	278,702	243,675
Company contributions to defined contribution pension schemes	16,901	14,266
	<u>295,603</u>	<u>257,941</u>

During the year retirement benefits were accruing to 2 Directors (2020: 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £258,286 (2020: £162,906).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £15,778 (2020: £6,279).

No Director was accruing benefits under a defined benefit pension scheme in the current or prior year.

No Director exercised share options in the current or prior year.

No Director received shares for qualifying services to the company in the current year (2020: 1).

10. Interest receivable and similar income

	2021 £	2020 £
Loans to group undertakings	<u>37,328</u>	<u>33,445</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Interest on lease liabilities	<u>(1,592)</u>	<u>(1,000)</u>

SWEDISH ORPHAN BIOVITRUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Tax on profit

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	675,448	601,456
Adjustments in respect of previous periods	(10,407)	427
Total current tax	<u>665,041</u>	<u>601,883</u>
Deferred tax		
Origination and reversal of timing differences	(105,158)	(73,107)
Adjustments in respect of prior periods	(115,192)	(21,137)
Total deferred tax	<u>(220,350)</u>	<u>(94,244)</u>
Taxation on profit on ordinary activities	<u><u>444,691</u></u>	<u><u>507,639</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: *higher than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>2,958,143</u>	<u>2,510,204</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	562,047	476,939
Effects of:		
Fixed asset differences	(995)	1,435
Expenses not deductible for tax purposes	132,861	97,860
Share-based payments	(238,760)	(180,946)
Adjustments to tax charge in respect of prior periods	(10,407)	427
Deferred tax credited directly to equity	184,703	133,061
Changes in deferred tax rate	(184,758)	(21,137)
Total tax charge for the year	<u><u>444,691</u></u>	<u><u>507,639</u></u>

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Tax on profit (continued)

Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021, substantively enacted on 24 May 2021, included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25% from 1 April 2023. Deferred tax has been calculated accordingly.

There were no other factors that may affect future tax charges.

13. Tangible fixed assets

	Leasehold improvements £	Office equipment £	Total £
Cost			
At 1 January 2021	91,063	194,866	285,929
Additions	-	44,951	44,951
At 31 December 2021	91,063	239,817	330,880
Depreciation			
At 1 January 2021	91,063	162,571	253,634
Charge for the year	-	25,559	25,559
At 31 December 2021	91,063	188,130	279,193
Net book value			
At 31 December 2021	-	51,687	51,687
At 31 December 2020	-	32,295	32,295

SWEDISH ORPHAN BIOVITRUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Right of use assets

	Leasehold property £
Cost	
At 1 January 2021	194,974
Additions	99,029
Disposals	(194,478)
At 31 December 2021	<u>99,525</u>
Depreciation	
At 1 January 2021	167,484
Charge for the period	99,525
Disposals	(194,478)
At 31 December 2021	<u>72,531</u>
Net book value	
At 31 December 2021	<u>26,994</u>
At 31 December 2020	<u>27,490</u>

15. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>11,976,896</u>	<u>13,535,877</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised as an expense in the year was £29,767,108 (2020: £30,173,930).

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

16. Debtors: amounts falling due within one year

	2021 £	2020 £
Trade debtors	10,364,404	9,915,648
Other debtors	20,522	-
Prepayments and accrued income	91,853	89,200
Deferred taxation (note 20)	812,026	406,972
	<u>11,288,805</u>	<u>10,411,820</u>

17. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>484,315</u>	<u>634,141</u>

18. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	475,291	213,250
Amounts owed to parent	1,525,012	6,296,448
Corporation tax	-	98,726
Other taxation and social security	1,332,377	4,698,992
Lease liabilities	23,111	7,490
Accruals and deferred income	7,545,440	3,097,407
	<u>10,901,231</u>	<u>14,412,313</u>

More information on lease liabilities is included in note 19.

SWEDISH ORPHAN BIOVITRUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Leases

The company has lease contracts for its premises in Granta Park, Cambridge, UK.

The present value of lease liabilities by repayment date is as follows:

	2021 £	2020 £
In not more than 3 months	7,490	7,490
In more than 3 months but less than 1 year	15,621	-
	<u>23,111</u>	<u>7,490</u>

The discount rate for the lease disclosed was 1.65%.

The balance sheet shows the following amounts relating to leases:

	2021 £	2020 £
At 1 January	7,490	91,071
Additions	99,029	-
Interest charged	1,592	1,419
Lease payments	(85,000)	(85,000)
At 31 December	<u>23,111</u>	<u>7,490</u>

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

20. Deferred taxation

	2021 £	2020 £
At beginning of year	406,972	179,667
Credited to profit or loss	220,350	94,244
Credited to equity	184,704	133,061
At end of year	<u>812,026</u>	<u>406,972</u>

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2021 £	2020 £
Share-based payment	818,425	411,542
Accelerated capital allowances	(12,922)	(4,570)
Other short term timing differences	6,523	-
	<u>812,026</u>	<u>406,972</u>

21. Provisions

	Dilapidation provision £
At 1 January 2021	33,000
At 31 December 2021	<u>33,000</u>

The dilapidation provision relates to unavoidable end of lease commitments, the relating lease for which expires in April 2023.

22. Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1 (2020: 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

23. Reserves

Profit and loss account

Includes the current and prior periods retained profits and losses.

Called up share capital

Share capital consists of the nominal value of issued shares.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

24. Share based payments

The equity settled share based payments charge in the profit and loss account is £695,302 (2020: £502,376) and results from the share based incentive programmes as detailed below.

Long-term incentive programmes

Annual General Meetings in 2017-2018 resolved in accordance with Swedish Orphan Biovitrum AB (publ) (Sobi) Board's proposal to establish long-term incentive programmes.

The aim has been to create a long-term commitment to Sobi, to offer the participants the possibility of taking part in the group's long-term success and value creation and to create possibilities to attract and retain senior executives and key employees. Below is a description of the long-term share-based remuneration programmes in the company.

The performance share programmes for 2017-2018 are structured according to similar principles.

- The programmes have a three-year vesting period;
- The programmes also require a personal investment in Sobi shares, except for 2017 and 2018;
- Employees receive matching shares free of charge and potential performance shares if the conditions in the programme are met. The number of potential performance shares that the employee has the possibility of receiving differs between the organisational levels;
- The employee must be permanently employed during the entire vesting period and keep the investment shares during this period to receive matching and potential performance shares;
- The performance targets are that the share price increases by a certain percentage over a three-year period;
- For the 2017 and 2018 management programme, the actual annual revenue during the vesting period will meet or exceed the budget for annual revenue; and
- Who the eligible employees are differs between the programmes, as well as how exactly the performance target has been formulated.

2019–2021 share programmes

At the 2019, 2020 and 2021 AGMs, long-term share programmes were approved for the CEO, senior executives and managers, and one programme was approved for other employees.

Management programmes

Participants in the Management Programme are allotted performance shares provided that certain performance targets are achieved. The maximum possible allotment of shares in the Management Programme is 695,974 (2019), 721,905 (2020) and 1,320,760 (2021). To achieve a maximum 60 per cent allotment of the maximum number of performance shares, a certain share price performance must be achieved. For the 2019–2020 Management Programmes, a 15–50 per cent increase in the share price is required, adjusted for any dividends. The performance outcome is 0 if the share price is below 15 per cent, with a linear allotment of performance shares for 15–50 per cent. For the 2021 Management Programme, a 10–40 per cent increase in the share price is required, adjusted for any allotments. The performance outcome is 0 if the share price is below 10 per cent, with a straight-line allotment of performance shares for 10–40 per cent. For a maximum allotment of the remaining 40 per cent of the performance shares, actual annual revenue during the vesting period must meet or exceed the budget for the annual revenue. The performance target for 2019, 2020 and 2021 were achieved.

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24. Share based payments (continued)

All-Employee

Programmes Participation in the programmes for other employees requires a personal investment in Sobi shares. The maximum possible allotment of shares in All-Employee Programmes is 30,128 (2019), 45,196 (2020) and 54,222 (2021). Participants in All-Employee Programmes are allotted two matching shares for every investment share. To qualify for the allotment of matching shares, programme participants must have retained the investment shares they have acquired throughout the entire vesting period. During the rollout of the 2020 and 2021 share programmes, a number of employees were insiders and not therefore eligible to participate in the programme. In view of the legal obstacles to participation in the programmes, the Board decided to establish long-term three-year cash-based incentive programmes for each year instead.

25. Pension commitments

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounts to £378,935 (2020: £364,709). No contributions were payable to the fund at the end of the year (2020: £Nil).

26. Controlling party

The company is a subsidiary of Swedish Orphan Biovitrum AB (publ) which is the ultimate parent company incorporated in Sweden.

The largest and smallest group in which the results of the company are consolidated is that headed by Swedish Orphan Biovitrum AB (publ), incorporated in Sweden. The consolidated financial statements of this company are available from Swedish Companies Registration Office (Bolagsverket). No other group financial statements include the results of the company.

The directors consider there to be no ultimate controlling party.

27. Subsequent events

On 24 February 2022, Russia invaded Ukraine, commencing a period of conflict that continues to this day and may continue for some time to come. The company is deeply concerned for all of those affected by the ongoing crisis in Ukraine and the impact it is having on the lives of millions of people. Whilst the directors have confirmed that the situation has no direct impact either on our ability to generate sales in the UK nor our supply of medicines, which does not involve any suppliers in the region, we recognise that the humanitarian impact on those living there and those displaced by war is significant and tragic for many.