

Registered number: 04369760

SWEDISH ORPHAN BIOVITRUM LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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SWEDISH ORPHAN BIOVITRUM LIMITED

COMPANY INFORMATION

Directors	S Fahmy H Stenqvist S Hall (appointed 2 March 2023)
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 2022

The Directors present their strategic report for Swedish Orphan Biovitrum Limited ("the company") for the year ended 31 December 2022.

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 increased by 18.4% for 2022, due to growth in sales of existing brands as well as the introduction of new brands, particularly Doptelet and Aspaveli, both of which saw their first year of sales in the UK.

Current assets as a percentage of current liabilities decreased due primarily to increases in amounts owed to the parent company in respect of purchases of stock for resale.

Operating profit remained constant due to slightly lower gross margins driven by changes in the product mix, combined with continued growth in investment in local resources and a decrease in work carried out on behalf of the parent company, which generates other operating income.

Headcount increased reflecting the company's continued investment in local resources to support new and existing brands and grow the company's presence in the UK market.

The key performance indicators for the year are as follows:

	2022 £	2021 £	Change %
Turnover	48,277,095	40,762,480	+18.4%
Operating profit	2,915,275	2,922,407	-0.2%
Retained profit carried forward	15,448,258	12,894,465	+19.8%
Current assets as a % of current liabilities	199%	218%	-19%
Average number of employees	52	49	+6.1%

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.

SWEDISH ORPHAN BIOVITRUM LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172 Companies Act Report (continued)

The Directors remain aware of the resourcing and access challenges facing hospitals and critical care centres which have diminished somewhat since the pandemic but are still a factor in how our key customers go about providing healthcare to patients. Whilst face-to-face meetings have become more commonplace and restrictions on access have largely been lifted, as a Company we remain vigilant with regards to our customers and the healthcare settings they operate in. Engagement with both external stakeholders and with internal colleagues is reflected in a blend of face-to-face interactions allied with use of remote collaboration tools that allow engagement with multiple stakeholders. We have seen a positive response to increased use of webinars and remote meetings to engage healthcare professionals across distinct geographical locations, bringing together experts in particular fields and supporting collaboration.

Principal risks and uncertainties

Competitive risks

Rare disease and Orphan drugs are increasingly regarded as attractive areas within the Pharmaceutical sector and as a consequence we expect to work in a market that has robust competition for efficacious and cost-effective treatments. Governmental commissioning groups are under pressure to reduce the NHS drugs bill and therefore orphan drugs are under pressure to show value for money. The Directors are mindful of these pressures when bringing new, innovative medicines to the UK market.

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 2022**

Principal risks and uncertainties (continued)

Brexit risk

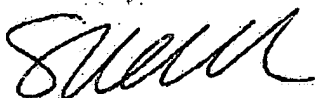
The Company considers the risks of Brexit to have reduced significantly in the areas of inbound cross border logistics and supply. The Company significantly increased inventory holdings in the UK in 2020 to act as a buffer against any disruption to supply, and through 2021 and 2022 these additional "buffer" 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.

Eastern Europe conflict risk

The invasion of Ukraine by Russia in 2022 has resulted in an ongoing conflict with consequences reaching well beyond the geographical confines of the war. The company is not involved in any business in the affected region and the supply chain for all products has been assessed and is not deemed at risk. Management continue to monitor the situation to ensure operations can continue uninterrupted and customers and patients continue to receive products as required.

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

S Hall
Director



Date:

27/09/2023

SWEDISH ORPHAN BIOVITRUM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £2,219,250 (2021:£2,513,452).

The Directors did not recommend the payment of a dividend during the year (2021: £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 (resigned 14 October 2022)
S E Cox (appointed 14 October 2022, resigned 2 March 2023)
S Hall (appointed 2 March 2023)

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;
- 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 2022

Going concern

As a 100% subsidiary of the parent Company, Swedish Orphan Biovitrum AB, cash is managed through a group cash pooling arrangement. 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 2024 being the going concern review period based on levels of trading observed to date in 2023, 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. 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 2024. 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 2022**

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:

	2022	2021
Energy consumption		
Purchased electricity (kWh)	28,539	23,895
Transport fuel* (kWh)	125,191	43,239
Total energy consumption (kWh)	153,730	67,134
Greenhouse gas emissions		
Purchased electricity (kg CO ₂ e) (Scope 2, location based)	5,590	5,376
Business travel in employee-owned vehicles where the company is responsible for purchasing the fuel* (kg CO ₂ e) (Scope 3)	28,168	9,792
Total greenhouse gas emissions (kg CO₂e)	33,758	15,168
Intensity ratios		
kg CO ₂ e per £m revenue	699	371
kg CO ₂ e per FTE	649	308

*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 2022**

Subsequent events

There have been no significant events affecting the Company since the reporting date.

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:

S Hall
Director



Date: 27.09.2023

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 2022, 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 2022 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 2024.

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 3, 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 the 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: *27 September 2023*

SWEDISH ORPHAN BIOVITRUM LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	48,277,095	40,762,480
Cost of sales		(33,791,897)	(27,228,107)
Gross profit		14,485,198	13,534,373
Administrative expenses		(13,132,255)	(12,466,374)
Other operating income	5	1,562,332	1,854,408
Operating profit	6	2,915,275	2,922,407
Interest receivable and similar income	10	94,235	37,328
Interest payable and similar expenses	11	(3,898)	(1,592)
Profit before tax		3,005,612	2,958,143
Tax on profit	12	(786,362)	(444,691)
Profit for the financial year		2,219,250	2,513,452

There was no other comprehensive income for 2022 (2021: £Nil).

All results stated above derive from continuing activities.


The notes on pages 15 to 35 form part of these financial statements.

SWEDISH ORPHAN BIOVITRUM LIMITED
REGISTERED NUMBER: 04369760

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	31,099	51,687
Right of use assets	14	26,369	26,994
		<u>57,468</u>	<u>78,681</u>
Current assets			
Stocks	15	15,223,730	11,976,896
Debtors: amounts falling due within one year	16	15,711,501	11,288,805
Cash at bank and in hand	17	-	484,315
		<u>30,935,231</u>	<u>23,750,016</u>
Creditors: amounts falling due within one year	18	(15,511,440)	(10,901,231)
Net current assets		<u>15,423,791</u>	<u>12,848,785</u>
Total assets less current liabilities		<u>15,481,259</u>	<u>12,927,466</u>
Provisions for liabilities			
Provisions	21	(33,000)	(33,000)
		<u>(33,000)</u>	<u>(33,000)</u>
Net assets		<u><u>15,448,259</u></u>	<u><u>12,894,466</u></u>
Capital and reserves			
Called up share capital	22,23	1	1
Profit and loss account	23	15,448,258	12,894,465
Total equity		<u><u>15,448,259</u></u>	<u><u>12,894,466</u></u>

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

S Hall
Director 

Date: 27.09.2023

SWEDISH ORPHAN BIOVITRUM LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	1	12,894,465	12,894,466
Comprehensive income for the year			
Profit for the year	-	2,219,250	2,219,250
Total comprehensive income for the year	-	2,219,250	2,219,250
Contributions by and distributions to owners			
Share based payment transactions	-	854,322	854,322
Share based recharge by parent	-	(854,322)	(854,322)
Deferred tax on share based payments taken directly to equity	-	334,543	334,543
Total transactions with owners	-	334,543	334,543
At 31 December 2022	1	15,448,258	15,448,259

**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
Contributions by and distributions to owners			
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

The notes on pages 15 to 35 form part of these financial statements.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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.

This information is included in the consolidated financial statements of Swedish Orphan Biovitrum AB (publ) as at 31 December 2022 and these financial statements may be obtained from Swedish Companies Registration Office (Bolagsverket).

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 2022 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 2022

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 group cash pooling arrangement. 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 2024 being the going concern review period based on levels of trading observed to date in 2023, 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. 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 2024. 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 presentation currency is GBP and amounts included in these financial statements are rounded to the nearest pound.

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.

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 2022**

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.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

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.

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.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

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.

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 reporting 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 2022

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 2022

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 2022

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 2022**

4. Turnover

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

	2022 £	2021 £
Product sales	<u>48,277,095</u>	<u>40,762,480</u>

All turnover arose within the European Union.

5. Other operating income

	2022 £	2021 £
Other operating income	<u>1,562,332</u>	<u>1,854,408</u>

Other operating income represents a 5% (2021: 2%) mark-up which 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):

	2022 £	2021 £
Depreciation of tangible fixed assets	142,010	25,559
Depreciation of right of use assets	97,219	99,525
Exchange differences	8,654	(2,973)
Cost of equity settled share awards	<u>854,322</u>	<u>695,302</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:

	2022 £	2021 £
Fees for the audit of the company	29,308	23,808
Fees for other assurance services	<u>9,500</u>	<u>9,500</u>

SWEDISH ORPHAN BIOVITRUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Employees

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

	2022	2021
	£	£
Wages and salaries	6,653,510	5,880,731
Social security costs	764,323	735,507
Cost of defined contribution scheme	452,140	378,935
	<u>7,869,973</u>	<u>6,995,173</u>

Included within wages and salaries above is the equity settled share based payment charge of £854,322 (2021: £695,302).

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

	2022	2021
	No.	No.
Administration	8	8
Sales and marketing	44	41
	<u>52</u>	<u>49</u>

SWEDISH ORPHAN BIVITRUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	288,606	278,702
Company contributions to defined contribution pension schemes	16,812	16,901
	305,418	295,603

During the year retirement benefits were accruing to 2 Directors (2021: 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £258,148 (2021: £258,286).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £13,933 (2021: £15,778).

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 (2021: Nil).

10. Interest receivable and similar income

	2022	2021
	£	£
Loans to group undertakings	94,235	37,328

11. Interest payable and similar expenses

	2022	2021
	£	£
Interest on lease liabilities	(3,898)	(1,592)

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Tax on profit

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	745,770	675,448
Adjustments in respect of previous periods	-	(10,407)
Total current tax	745,770	665,041
Deferred tax		
Origination and reversal of timing differences	111,141	(105,158)
Adjustments in respect of prior periods	(70,549)	(115,192)
Total deferred tax	40,592	(220,350)
Taxation on profit on ordinary activities	786,362	444,691

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	3,005,612	2,958,143
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	571,066	562,047
Effects of:		
Fixed asset differences	-	(995)
Expenses not deductible for tax purposes	170,794	132,861
Share-based payments	(219,492)	(238,760)
Adjustments to tax charge in respect of prior periods	-	(10,407)
Deferred tax credited directly to equity	334,543	184,703
Changes in deferred tax rate	(70,549)	(184,758)
Total tax charge for the year	786,362	444,691

SWEDISH ORPHAN BIOVITRUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Tax on profit (continued)

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

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

13. Tangible fixed assets

	Leasehold improvements £	Office equipment £	Total £
Cost			
At 1 January 2022	91,063	239,817	330,880
Additions	146,662	-	146,662
Disposals	-	(146,662)	(146,662)
At 31 December 2022	<u>237,725</u>	<u>93,155</u>	<u>330,880</u>
Depreciation			
At 1 January 2022	91,063	188,130	279,193
Charge for the year	142,010	-	142,010
Disposals	-	(121,422)	(121,422)
At 31 December 2022	<u>233,073</u>	<u>66,708</u>	<u>299,781</u>
Net book value			
At 31 December 2022	<u>4,652</u>	<u>26,447</u>	<u>31,099</u>
At 31 December 2021	<u>-</u>	<u>51,687</u>	<u>51,687</u>

SWEDISH ORPHAN BIOVITRUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Right of use assets

	Leasehold property £
Cost	
At 1 January 2022	99,525
Additions	96,594
Disposals	(98,900)
At 31 December 2022	<u>97,219</u>
Depreciation	
At 1 January 2022	72,531
Charge for the period	97,219
Disposals	(98,900)
At 31 December 2022	<u>70,850</u>
Net book value	
At 31 December 2022	<u><u>26,369</u></u>
At 31 December 2021	<u><u>26,994</u></u>

15. Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u><u>15,223,730</u></u>	<u><u>11,976,896</u></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 £33,521,444 (2021: £29,767,108).

SWEDISH ORPHAN BIOVITRUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	13,569,748	10,364,404
Amounts owed by parent - cash pool	883,949	-
Other debtors	-	20,522
Prepayments and accrued income	151,827	91,853
Deferred taxation (note 20)	1,105,977	812,026
	<u>15,711,501</u>	<u>11,288,805</u>

Amounts owed by parent are unsecured, interest free and repayable on demand.

17. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	-	484,315
	<u>-</u>	<u>484,315</u>

18. Creditors: amounts falling due within one year

	2022 £	2021 £
Lease liabilities	38,603	23,111
Trade creditors	633,966	475,291
Amounts owed to parent	1,690,979	1,525,012
Corporation tax	174,318	-
Other taxation and social security	2,055,629	1,332,377
Other creditors	214,504	-
Accruals and deferred income	10,703,441	7,545,440
	<u>15,511,440</u>	<u>10,901,231</u>

Amounts owed to parent are unsecured, interest free and repayable on demand.

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 2022**

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:

	2022 £	2021 £
In not more than 3 months	7,490	7,490
In more than 3 months but less than 1 year	31,113	15,621
	<u>38,603</u>	<u>23,111</u>

The discount rate for the lease disclosed was 1.65%.

The balance sheet shows the following amounts relating to leases:

	2022 £	2021 £
At 1 January	23,111	7,490
Additions	96,594	99,029
Interest charged	3,898	1,592
Lease payments	(85,000)	(85,000)
At 31 December	<u>38,603</u>	<u>23,111</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

	2022 £	2021 £
At beginning of year	812,026	406,972
(Debited)/Credited to profit or loss	(40,592)	220,350
Credited to equity	334,543	184,704
At end of year	<u>1,105,977</u>	<u>812,026</u>

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2022 £	2021 £
Share-based payment	1,107,230	818,425
Accelerated capital allowances	(7,775)	(12,922)
Other short term timing differences	6,522	6,523
	<u>1,105,977</u>	<u>812,026</u>

21. Provisions

	Dilapidation provision £
At 1 January 2022	33,000
At 31 December 2022	<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

	2022 £	2021 £
Allotted, called up and fully paid		
1 (2021: 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. Capital and reserves

Called up share capital

Share capital consists of the nominal value of issued shares.

Profit and loss account

Includes the current and prior periods retained profits and losses.

SWEDISH ORPHAN BIOVITRUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

24. Share based payments

The equity settled share based payments charge in the profit and loss account is £854,322 (2021: £695,302) and results from the share based incentive programmes as detailed below.

Incentive programmes

At the reporting date, Swedish Orphan Biovitrum AB (publ) (Sobi) had three active share programmes. To participate in the share programmes, employees must be permanently employed. Furthermore, Sobi has five active cash-based programmes, of which three relate to employees in the US and Canada, and two relate to employees in China and Japan. All programmes have a three-year term.

Long-term incentive programmes

The aim of the long-term incentive programmes has been to create a long-term commitment to Sobi, to provide the participants with an opportunity to share Sobi's long-term success and value creation, and to enable Sobi to attract and retain senior executives and senior managers. Sobi's long-term incentive programmes are described below.

The 2019-2022 AGMs approved the introduction of long-term incentive programmes for the CEO, senior executives and managers, one programme for other employees, and share options for the CEO, senior executives and selected key employees. The share programmes are structured on the same principles, and they all have a three-year vesting period.

The management programmes include the CEO, senior executives and managers. They require no personal investment in Sobi shares and performance shares are only allotted if the programme criteria have been met. The number of performance shares varies between the organisational levels. The performance targets for the management programmes are that the share price increases by a certain percentage over a three-year period, and that actual annual revenues during the vesting period meet or exceed the annual revenue budget.

In addition to the performance shares, the management programmes for the CEO, senior executives and selected key employees consist by half of share options. The employees eligible and how the performance targets are formulated differ between the programmes. The programmes for other employees require a personal investment in Sobi shares (investment shares) in order to be allotted free shares on a matching basis. A requirement for all programmes is that the employee must be permanently employed throughout the entire vesting period and, in the case of investment shares, that these are retained throughout the entire vesting period.

In addition to the above, there are cash-based programmes for employees in North America and Asia.

Management programme 2019 (paid in 2022)

For the performance shares that vested on 28 May 2022, the board determined that 55.38 per cent of the performance obligations and other vesting requirements had been met. To achieve the maximum 60 per cent allotment of the performance shares, the performance target was a 50 per cent increase in the share price, 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. The performance target was achieved with 25.63 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, which was achieved for 2019, 2020, and 2021. Therefore, 339,844 shares with a market value of SEK 75M were allotted under the programme.

SWEDISH ORPHAN BIOVITRUM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

24. Share based payments (continued)

Management programme 2019 (paid in 2022) (continued)

For the share options that vested on 28 May 2022, the board determined that the performance criteria for actual average annual revenue for 2019-2021 had been met. From that date, 1,361,540 share options could be exercised at the price of SEK 180.65 until 28 May 2024, whereof 491,835 options have been allotted during the year.

All-employee programme 2019 (paid in 2022)

The 2019 all-employee programme vested on 28 May 2022. Programme participants were allotted two matching shares for each investment share. To qualify for the allotment of matching shares, participants must have retained the investment shares that they acquired. 25,778 shares with a market value of SEK 5.7M were allotted under the programme.

Cash-based programmes 2019 and 2020 (expired 2022)

For the 2019 and 2020 long-term cash-based programmes for employees in the US and Canada that expired in 2022, the board determined that the outcome of the final year was 104 per cent. The programmes consisted of two components: a time-based component (50 per cent) and a performance-based component (50 per cent) based on two performance targets. The first performance target (50 per cent) was that the share price must increase by at least 10 per cent per year over a four-year period for the 2019 programme and a three-year period for the 2020 programme. The other performance target (50 per cent) was that annual revenue in North America must be at least 95 per cent per year in relation to the budget over a four-year period for the 2019 programme and a three-year period for the 2020 programme. A quarter of the programme vested annually over a four-year period for the 2019 programme and a three-year period for the 2020 programme.

2020-2022 management programmes

Participants in these management programmes are allotted performance shares provided that certain performance targets are achieved. The maximum possible allotment of shares in the management programmes is 649,356 (2020), 1,181,232 (2021) and 1,038,684 (2022).

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 2020 management programme, 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 and 2022 management programmes, 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 linear 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. This performance target was achieved for 2020, 2021 and 2022.

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24. Share based payments (continued)

2020-2022 management programmes (continued)

In addition to performance shares, the CEO and a maximum of 15 members of Sobi's Executive committee, as well as a maximum of 15 selected key individuals in the Group, have a possibility to receive share options. The vesting period is three years, followed by a two-year exercise period. A requirement for the share options is that the Group's average revenue meets or exceeds the Group's target for average revenue in the budget determined by the board during the vesting period. The exercise price corresponds to 105 per cent of the volume weighted average price for the Sobi share when the programmes were launched. The maximum value per share that can be obtained by exercising the share options is capped at three times the exercise price. Should the share value exceed this level, the conditions must be recalculated.

Management programmes

Share programme	Performance target	Weight	Target	Result
2019	Share price performance	60%	15-50	25.63%
2020	Share price performance	60%	15-50	NA
2021-2022	Share price performance	60%	10-40	NA
	Budget - annual revenue	40%	>100%	NA

2020-2022 all-employee programmes

Participation in the programmes for other employees requires a personal investment in Sobi shares. The maximum possible allotment of shares in the all-employee programmes is 40,930 (2020), 50,014 (2021) and 41,004 (2022).

Participants in the all-employee programmes are allotted two matching shares for every investment share. To qualify for the allotment of matching shares, programme participants must retain their acquired investment shares 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 programmes. In view of the legal obstacles to participating in the programmes, the board decided to establish long-term three-year cash based incentive programmes for insiders each year.

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 £452,140 (2021: £378,935). No contributions were payable to the fund at the end of the year (2021: £Nil).

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26. Controlling party

The Company is a subsidiary of Swedish Orphan Biovitrum AB (publ) which is the ultimate parent Company and controlling party 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.

27. Subsequent events

There have been no significant events affecting the Company since the reporting date.