Colonis Pharma Limited

Annual Report and Financial Statements

For the year ended 30 June 2022

Company registered number 05486832

Directors and other information

Directors
RJ Paling
I Efraimidou

Registered office
25 Bedford Square
Bloomsbury
London
WC1B 3HH

Registered number
05486832

Strategic report

The directors present their Strategic report for the year ended 30 June 2022.

Principal activities and business model

Colonis Pharma Limited ('the Company' or 'Colonis') is a member of the Clinigen Group ('the Group') and its operations sit within the Group's Owned Products division.

Colonis has an Unlicensed-to-Licensed ("UL2L") strategy, where it looks to take unlicensed medicines with commercial potential and develop them into licensed medicines, helping to address unmet medical needs.

Review of the business and future developments

The results for the year are set out in the statement of comprehensive income on page 7.

During the year, the Company saw significant growth in sales underpinned by its two key products Melatonin and Glycopyrronium Bromide. Revenue for the year increased by 30% to £44.1m with a similar increase in EBITDA which increased by 37% to £38.5m. This significant growth came in *spite of new competitor entrants to the market, however the increased competition is expected to* create a headwind to growth in the next financial year.

The balance sheet continues to strengthen as a result of the profitability with net assets of £71.4m at 30 June 2022 (2021: £35.5m)

The future outlook for the Company remains favourable and the focus continues to be to invest in UL2L products which the Company classifies as those offering first mover advantages. Opportunities to further populate the product pipeline are continually being identified to offer the best opportunities for growth.

Key performance indicators

The Board utilises a number of key performance indicators to enable a consistent method of analysing performance, in addition to allowing the directors to benchmark performance. The key financial performance indicators utilised by the Board are:

Gross profit – measures the profit achieved on sales after taking account of the direct costs incurred in bringing the goods to a saleable condition.

The Company achieved a gross profit for the year of £39.8m representing a 31% increase on FY21 (£30.4m) due to the strong top line growth spearheaded by key products Melatonin and Glycopyrronium Bromide.

EBITDA – measures the profit achieved on sales after taking account of the direct costs and overheads (excluding one-off items) but before interest, tax, depreciation and amortisation.

The Company achieved an EBITDA (excluding one-off items) for the year of £38.5m (2021: £28.2m), a 37% increase on prior year, again due to the strong top line growth and improved by the operational leverage that the Company enjoys.

Overall, the directors are extremely pleased with the Company's performance.

Strategic report (continued)

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. The risks facing the Company are consistent with those facing the wider Group.

The principal operational risks and uncertainties facing the wider Clinigen Group, together with the means by which they are managed or mitigated are set out in the Clinigen Limited Annual Report.

On behalf of the Board

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RJ Paling

Director

31 March 2023

Directors' report

The directors present their report and unaudited financial statements for the year ended 30 June 2022. Colonis Pharma Limited ('the Company') is a private company limited by shares, incorporated and domiciled in the United Kingdom. Its company number is 05486832.

Going concern

The Company meets its day-to-day working capital requirements through its cash balances generated from trading supported by funding from its wider Group if required. Management's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash balances and available facilities provided by its ultimate parent company. The Company is not immune from COVID-19, however, the impact on trading has been relatively limited and is therefore not impacting on its ability to continue as a going concern. At 30 June 2022, the Company had £4.9m of cash available which combined with the positive cash generation from each of its operations, provides sufficient liquidity for ongoing trading.

The Directors have a reasonable expectation that the Company can continue in operation and meet its liabilities as they fall due, for a period of no less than 12 months from the date of approval of these financial statements and are therefore satisfied that the going concern basis remains appropriate for the preparation of the financial statements. These financial statements do not include the adjustments that would result if the Group was no longer to be considered a going concern.

Dividends

The directors do not propose a dividend for the current financial year (2021: none).

Financial risk management

In common with all other businesses, the Company is exposed to risks that arise from its normal course of business. The principal financial risks facing the Company arise from credit risk and foreign exchange risk.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales and payments made on account to suppliers. It is company policy to assess the credit risk of new customers before entering contracts. The directors have established a credit policy under which each new customer is analysed individually for creditworthiness before credit terms are offered.

Directors' report (continued)

Directors

The directors of the Company who held office during the year and up to the date of signing the financial statements were:

RJ Paling (appointed 6 March 2023)

I Efraimidou

JC Von Samson Himmelstjerna (resigned 14 February 2022)

Directors' indemnity insurance

During the year and up to the date of signing of this report, the Company, through the Group, maintained liability insurance and third party indemnification provisions (which are a qualifying third party indemnity provision for the purposes of the Companies Act 2006) for its directors and the company secretary.

Audit exemption

For the year ended 30 June 2022, the Company was entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

In respect of this exemption, the directors confirm that the members have not required the Company to obtain an audit of its accounts in accordance with s476 of the Companies Act 2006.

On behalf of the board

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RJ Paling

Director

31 March 2023

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under company law the directors must not approve the financial statements 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements 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 enable them to ensure that the financial statements 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.

Statement of comprehensive income
for the year ended 30 June 2022

	Notes	2022 £000	2021 £000
Revenue	3	**44,115**	33,948
Cost of sales		**(4,361)**	(3,596)
Gross profit		**39,754**	30,352
Administrative expenses		**(3,294)**	(4,490)
Profit before taxation	4	**36,460**	25,862
Tax charge on profit for the financial year	6	**(524)**	(4,997)
Profit for the financial year		**35,936**	20,865
Total comprehensive income for the financial year		**35,936**	20,865

All amounts relate to continuing operations.

Balance sheet
as at 30 June 2022

	Notes	2022 £000	2021 £000
Non-current assets			
Intangible assets	7	**9,698**	9,609
Property, plant and equipment	8	**–**	7
		9,698	9,616
Current assets			
Inventories	9	**625**	429
Debtors	10	**66,494**	30,082
Cash at bank		**4,859**	3,740
		71,978	34,251
Current liabilities			
Creditors: amounts falling due within one year	11	**(7,925)**	(6,702)
Net current assets		**64,053**	27,549
Total assets less current liabilities		**73,751**	37,165
Non-current liabilities			
Deferred tax liability	12	**(2,319)**	(1,669)
Net assets		**71,432**	35,496
Capital and reserves			
Called up share capital	13	**2**	2
Share premium account		**799**	799
Profit and loss account		**70,631**	34,695
Total shareholders' funds		**71,432**	35,496

Company number: 05486832

The notes on pages 10 to 21 form an integral part of these financial statements.

Audit exemption

For the year ended 30 June 2022, the Company was entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

In respect of this exemption, the directors confirm that the members have not required the Company to obtain an audit of its accounts in accordance with s476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

These financial statements were approved and authorised for issue by the Board of Directors on 31 March 2023 and were signed on its behalf by:

RJ Paling
Director

Statement of changes in equity
for the year ended 30 June 2022

	Called up share capital (note 13) £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 1 July 2020	2	799	13,830	14,631
Profit for the financial year	–	–	20,865	20,865
Total comprehensive income for the year	–	–	20,865	20,865
At 30 June 2021	**2**	**799**	**34,695**	**35,496**
Profit for the financial year	–	–	35,936	35,936
Total comprehensive income for the year	–	–	**35,936**	**35,936**
At 30 June 2022	**2**	**799**	**70,631**	**71,432**

Notes to the financial statements

for the year ended 30 June 2022

1. Company information

Colonis Pharma Limited is a private company incorporated, domiciled and registered in England in the UK. The registered number is 05486832 and the registered address is 25 Bedford Square, Bloomsbury, London, WC1B 3HH.

The Company is a subsidiary undertaking of Clinigen Healthcare Limited, incorporated and domiciled in the United Kingdom.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, except financial instruments that are measured at revalued amounts or fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds ('£000') except when otherwise stated.

The Company is a wholly owned subsidiary of Clinigen Limited and is included in its consolidated group financial statements which are publicly available. The Company is therefore exempt from the requirement to prepare consolidated financial statements under the Companies Act 2006. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

The Company meets the definition of a qualifying entity under Financial Reporting Standard ('FRS') 100 'Application of financial reporting requirements' issued by the Financial Reporting Council, and the directors have opted to prepare these financial statements in accordance with FRS 101 'Reduced disclosure framework'.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

(a) Cash flow statement and related notes;

(b) Comparative period reconciliations for share capital and fixed assets;

(c) Disclosures in respect of transactions with wholly owned subsidiaries of the group;

(d) Disclosures in respect of capital management; and

(e) The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Clinigen Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

(a) Certain disclosures required by IAS 36 'Impairment of assets' in respect of the impairment of goodwill and indefinite life intangible assets;

(b) Certain disclosures required by IFRS 3 'Business combinations' in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and

(c) The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of a trading portfolio or derivatives.

Notes to the financial statements (continued)

for the year ended 30 June 2022

2. Accounting policies (continued)

Going concern

The Company meets its day-to-day working capital requirements through its cash balances generated from trading supported by funding from its wider Group if required. Management's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash balances and available facilities provided by its ultimate parent company. The Company is not immune from COVID-19, however, the impact on trading has been relatively limited and is therefore not impacting on its ability to continue as a going concern. At 30 June 2022, the Company had £4.9m of cash available which combined with the positive cash generation from each of its operations, provides sufficient liquidity for ongoing trading.

The Directors have a reasonable expectation that the Company can continue in operation and meet its liabilities as they fall due, for a period of no less than 12 months from the date of approval of these financial statements and are therefore satisfied that the going concern basis remains appropriate for the preparation of the financial statements. These financial statements do not include the adjustments that would result if the Group was no longer to be considered a going concern.

Foreign currency translation

The Company's functional currency and presentation currency is sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing functional currency rate of exchange ruling at the balance sheet date. All differences are recognised in the profit and loss account within administrative expenses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Intangible assets

Trademarks and licences

Separately acquired trademarks and licences are initially recorded at cost which comprises the purchase price and any directly attributable cost of preparing the asset for its intended use.

The carrying value of trademarks and licences is calculated as cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the trademarks and licences over their estimated useful lives of between seven and fifteen years.

The amortisation expense is recognised within administrative expenses in the profit and loss account.

Notes to the financial statements (continued)

for the year ended 30 June 2022

2. Accounting policies (continued)

Intangible assets (continued)

Computer software

Computer software purchased to improve the Company's ability to deliver its goods and services and is intended to be used over a number of years is capitalised and recognised at cost, being the purchase price of the asset and any directly attributable cost of preparing the asset for its intended use including internal staff costs for time spent specifically on development activities. The carrying value of computer software is calculated as cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the computer software over their estimated useful lives of three to five years.

The amortisation expense is recognised within administrative expenses in the profit and loss account.

The residual value and useful life of each intangible asset is reviewed at each financial period end and, if expectations differ from previous estimates, the changes are accounted for prospectively in the profit and loss account in the period of the change and future periods. An increase in the residual value of an asset will decrease the amortisation charge for the period and future periods and vice versa.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds less cost of sale with the carrying amount and are recognised in the profit and loss account.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all assets at rates calculated to write off the cost of each asset on a straight-line basis over their expected useful economic lives, as follows:

- Leasehold improvements – remaining term of lease to which the improvements relate
- Fixtures and fittings – 20% per annum
- Computer equipment – 20% to 33% per annum

Inventories

Inventories are initially recognised at cost and subsequently stated at the lower of cost and net realisable value. Individual units of drugs cannot be interchanged as they are determined by the customer's requirements for product name, dosage strength, pack size, batch number and expiry date. In accordance with IAS 2 'Inventories', items are recorded at their individual cost. To minimise obsolescence, cost is selected using first expiry, first out method. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less applicable variable selling expenses. Provisions are made for slow moving and damaged inventories. Inventories which have expired are fully provided for until they are destroyed, when they are written off.

Notes to the financial statements (continued)

for the year ended 30 June 2022

2. Accounting policies (continued)

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses (excluding goodwill), the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of amortisation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the profit and loss account, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Financial instruments

a. Financial assets

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, where they are recognised at fair value. The Company holds trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on payment profiles and historic credit losses. The historic loss rates are adjusted to reflect current and forward looking information on macro-economic factors to the extent they are relevant to the customers' ability to settle. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the movement in the provision being recognised within administrative expenses in the income statement. The gross carrying value of the asset is written off against the associated provision when the Company's right to the cash flows expires.

Cash and cash equivalents

Cash at bank and in hand in the balance sheet comprises cash deposits with banks and in hand.

b. Financial liabilities

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Notes to the financial statements (continued)

for the year ended 30 June 2022

2. Accounting policies (continued)

Financial instruments (continued)

c. Fair values

The Company measures non-financial assets, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

External valuers are involved for valuation of significant assets, such as licences. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to the financial statements (continued)

for the year ended 30 June 2022

2. Accounting policies (continued)

Financial instruments (continued)

d. Derecognition of financial instruments

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax related to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity not in the profit or loss account.

Deferred tax

Deferred tax is recognised in respect of all timing differences arising between the tax bases of the assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised only to the extent that it is probable that the taxable profit will be available against which the deductible temporary difference, carried forward tax credits or tax losses can be utilised. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. The carrying amount of the deferred tax asset is reviewed at each balance sheet date.

Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to offset current assets against current tax liabilities, the deferred income tax relates to the same tax authority and that same tax authority permits the Company to make a single net payment.

Revenue

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. The revenue recognition for the operational areas of the business is:

Supply of products

Revenue from the supply of products is recognised at a point in time, when the Company has transferred control of the product to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered. Revenue is recognised at the fair value of consideration received or receivable.

Royalties

Royalty income is earned on product distribution agreements based upon a percentage of sales. Revenue is recognised on an accruals basis each month based on the sales data provided by the distributor.

Revenue in all years principally arises from the income streams discussed above. Further information is available in note 3.

Notes to the financial statements (continued)

for the year ended 30 June 2022

2. Accounting policies (continued)

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In particular the Company has identified the following areas where significant judgement, estimates and assumptions are required.

a. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Carrying value of intangible assets

The carrying value of intangible assets is at cost less amortisation and any impairment. Annual impairment trigger reviews are undertaken at the end of the financial year or more frequently if events or changes in circumstances indicate a potential impairment. Trademarks and licences are not traded in an active market hence the fair value of the asset is determined using discounted cash flows which involves the Company using judgement and assumptions.

b. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Inventory provisioning

The Company's principal activities during the year related to the management, sale and distribution of pharmaceutical products which have associated expiry dates. As a result, it is necessary to consider the recoverability of the cost of the inventory and the associated provisioning required. Management consider the nature and condition of inventory, the remaining expiry period, as well as apply assumptions around expected future demand for the inventory, when calculating the level of inventory provisioning.

Impairment of trade receivables

The Company makes an estimate of the receivable value of trade and other debtors. When assessing the impairment of trade and other receivables, management considers factors including the credit rating and age profile of the receivable and historic experience.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates.

Notes to the financial statements (continued)

for the year ended 30 June 2022

3. Revenue

The Company's revenue primarily derives from the United Kingdom and is made up as follows:

	2022 £000	2021 £000
Sale of products	**43,763**	33,318
Out-licensing	**186**	83
Royalty income	**166**	547
	44,115	33,948

4. Profit before taxation

Profit before taxation is stated after charging:

	2022 £000	2021 £000
Amortisation and impairment of intangible assets (note 7)	**1,561**	1,605
Impairment of intangible assets (note 7)	**481**	726
Depreciation of property, plant and equipment (note 8)	**7**	10
Cost of inventories recognised as an expense (note 9)	**4,444**	3,275

5. Staff cost and directors remuneration

The Company had no employees during the year (2021: nil), however there were 4 employees of the Company's parent undertaking Clinigen Healthcare Limited who performed services on behalf of the Company and accordingly staff costs of £320,000 (2021: £nil) were recharged. Directors' remuneration is borne by Clinigen Healthcare Limited.

6. Tax charge on profit for the financial year

(a) Tax charged in the profit and loss account

	2022 £000	2021 £000
Current income tax:		
Current tax on profit for the financial year	**–**	4,959
Adjustment in respect of prior years	**(126)**	–
Current income tax (credit) / charge	**(126)**	4,959
Deferred income tax:		
Origination and reversal of temporary differences	**82**	6
Adjustment in respect of prior years	**568**	32
Deferred income tax charge	**650**	38
Tax charge on profit for the year	**524**	4,997

Notes to the financial statements (continued)

for the year ended 30 June 2022

6. Tax charge on profit for the financial year (continued)

(b) Reconciliation of the total tax charge

	2022	2021
	£000	£000
Profit before taxation	**36,460**	25,862
Tax calculated at UK standard rate of corporation tax of 19.0% (2019: 19.0%)	**6,927**	4,914
Effects of:		
Expenses not deductible for tax purposes	**130**	51
Prior period adjustments	**442**	32
Group relief not paid for	**(6,975)**	–
Total tax charge reported in the profit and loss account	**524**	4,997

7. Intangible assets

	Trademarks and licences	Software	Other	Total
	£000	£000	£000	£000
Cost:				
At 1 July 2021	27,698	37	49	27,784
Additions	2,132	–	–	2,132
At 30 June 2022	**28,830**	**37**	**49**	**29,916**
Accumulated amortisation and impairment:				
At 1 July 2021	18,089	37	49	18,175
Amortisation charge	1,561	–	–	1,561
Impairment charge	481	–	–	481
At 30 June 2022	**20,132**	**37**	**49**	**20,218**
Net book value:				
At 30 June 2021	9,609	–	–	9,609
At 30 June 2022	**9,698**	–	–	**9,698**

During the year an impairment charge of £480,424 (2021: £726,369) was recognised in respect of the cost of certain drug developments which were no longer considered commercially feasible to complete.

Notes to the financial statements (continued)

for the year ended 30 June 2022

8. Property, plant and equipment

	Plant & machinery £000	Office equipment £000	Total £000
Cost:			
At 1 July 2021 and 30 June 2022	**34**	**95**	**129**
Accumulated depreciation:			
At 1 July 2021	28	94	122
Charge for the year	6	1	7
At 30 June 2022	**34**	**95**	**129**
Net book value:			
At 30 June 2021	6	1	7
At 30 June 2022	**–**	**–**	**–**

9. Inventories

	2022 £000	2021 £000
Finished goods and goods for resale	**625**	429

Cost of inventories recognised as an expense in the year amounted to £4,444,000 (2021: £3,275,000). The write down of stock to net realisable value charged to the profit and loss account amounted to £nil (2021: £159,000).

10. Debtors

	2022 £000	2021 £000
Trade debtors	**13,980**	7,439
Amounts owed by group undertakings	**50,269**	22,409
Prepayments and accrued income	**171**	106
Corporation tax receivable	**1,921**	–
Other debtors	**153**	128
	66,494	30,082

The amounts owed by group undertakings are non-interest bearing and receivable on demand.

Notes to the financial statements (continued)

for the year ended 30 June 2022

11. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	**641**	539
Amounts owed to group undertakings	**5,862**	3,698
Corporation tax payable	**–**	106
Accruals	**457**	467
Social security and other taxes	**1,031**	1,826
Other creditors	**34**	66
	7,925	6,702

The amounts owed to group undertakings are non-interest bearing and payable on demand.

12. Deferred tax

	Intangible assets	Total
	£000	£000
At 1 July 2020	(1,631)	(1,631)
Recognised in the income statement	(38)	(38)
At 30 June 2021	(1,669)	(1,669)
Recognised in the income statement	(650)	(650)
At 30 June 2022	**(2,319)**	**(2,319)**

13. Called up share capital

	2022	2021	**2022**	2021
Issued and fully paid	**No.**	No.	**£000**	£000
2,000 ordinary shares of £1 each	**2,000**	2,000	**2**	2

The balance classified as equity share capital includes the total net proceeds (nominal value) on issue of the Company's equity share capital, comprising £1 ordinary shares.

There was no issuance of ordinary shares in the years ended 30 June 2022 or 2021.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The shares are not redeemable.

Notes to the financial statements (continued)

for the year ended 30 June 2022

14. Capital commitments and contingent liabilities

The Company had no capital commitments or contingent liabilities as at 30 June 2022 (2021: contingent liabilities of £397.5m in relation to a guarantee provided to Clinigen Limited in respect of its borrowing facilities).

15. Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary undertaking of Clinigen Healthcare Limited. The Company's ultimate parent undertaking and ultimate controlling party is Triton Fund V which is managed and controlled by its general partners Triton Managers V Limited and TTF V Limited.

Clinigen Limited, a company incorporated and registered in the UK, is the parent of the smallest group of undertakings to consolidate these financial statements and Triley Holdco Limited, a company incorporated and registered in Jersey, is the parent of the largest group of undertakings to consolidate these financial statements. The registered addresses respectively are Clinigen Limited, Pitcairn House, Crown Square, Centrum 100, Burton-on-Trent, Staffordshire, DE14 2WW and Triley Holdco Limited, c/o Triton, 1st Floor, 5/6 Esplanade, St Helier, Jersey, JE2 3QA.