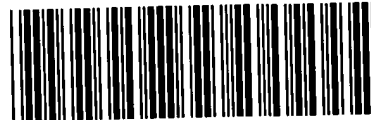


Registered number: 08018355

ALIMERA SCIENCES LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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ALIMERA SCIENCES LIMITED

COMPANY INFORMATION

Directors	Philip John Ashman Richard S Eiswirth Jr Charles Daniel Myers (resigned 1 January 2019) John Philip Jones (appointed 28 July 2020)
Company secretary	Taylor Wessing Secretaries Limited
Registered number	08018355
Registered office	Royal Pavilion Wellesley Road Aldershot Hampshire GU11 1PZ
Trading Address	5 New Street Square London EC4A 3TW
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 30 Finsbury Square London EC2A 1AG

ALIMERA SCIENCES LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 4
Independent auditor's report	5 - 8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12 - 26

ALIMERA SCIENCES LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Business review

Alimera Sciences Limited (the Company) is a pharmaceutical company that specializes in the commercialization of prescription ophthalmic pharmaceuticals. The Company's only commercially approved product is ILUVIEN, which has been developed to treat diabetic macular oedema (DMO). The Company is headquartered in Aldershot in the United Kingdom.

The Company recorded turnover of €12.8M (2018: €12.2M). In the period the entity received subsidization income from group undertakings. As of the year ended 31 December 2019, the Company had cash and cash equivalents of €1.7M (2018: €2.6M).

The principal activity of the Company is that of sales & marketing, distribution and logistics of ILUVIEN.

Principal risks and uncertainties

The Board continually reviews the risks facing the business and ensures those risks are managed appropriately. The key risks identified to the Board in relation to the UK business are:

- Reliance on a single product
- Positioning versus competitors in the current market place
- Need for additional financing
- Inability to achieve our strategic objectives

The key risks are regularly assessed by the Board and appropriate processes and controls have been put in place to monitor and mitigate them.

Financial key performance indicators

A number of Key Performance Indicators (KPI's) are used by the Company in managing and monitoring business performance. Financial KPI's include liquidity, turnover and overall profitability.

This report was approved by the board on 6 April 2021 and signed on its behalf.

Rick Eiswirth

Richard S Eiswirth Jr
Director

ALIMERA SCIENCES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

Results

The loss for the year, after taxation, amounted to €130,740 (2018: loss €230,753).

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

Philip John Ashman
Richard S Eiswirth Jr
Charles Daniel Myers (resigned 1 January 2019)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ALIMERA SCIENCES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Going concern

The financial statements for the year ended 31 December 2019 have been prepared on a going concern basis, which contemplates the realisation assets and the satisfaction of liabilities in the normal course of business. Whilst the Company generated a profit during the year ended 31 December 2019 and has net current assets as of that date, it is reliant upon the support of its parent company for trading revenues and to realise the carrying value of related party receivables.

To date the parent company and the Group of which it is the ultimate parent ('the Group'), has incurred recurring losses, negative cash flow from operations and has an accumulated deficit of earnings. The Group's ability to achieve profitability and positive cash flow is dependent upon its ability to increase revenue and contain its expenses. In management's opinion, the uncertainty regarding future revenues raises substantial doubt about the ability of the Group, and of the Company, to continue as a going concern without access to additional debt or equity financing, over the course of the next twelve months.

The directors have considered the business plan and potential sources of funding and expect to obtain sufficient funding in the next twelve months to enable the Group and the Company to continue as a going concern. The directors acknowledge that there can be no certainty over achieving the projected revenue and managing the cost base as forecasted, as well as the timing and quantum of future fund raisings.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Management have considered the potential impact of covid19 and do not consider it to affect the Company's ability to continue as a going concern.

Impact of Brexit

Historically, we have provided services to customers in the UK and abroad. While we anticipate that our business should not be impacted significantly from Brexit, in 2019, we proactively opened an Irish entity in order to protect our business against any unmitigated affects of Brexit. There may be some restriction on movements of people to the UK but this should not significantly impact our overall business.

Post balance sheet events

We are exposed to risks related to the recent outbreak of the Corona virus.

Governments in affected countries are imposing travel bans, quarantines, lockdown and other public safety measures. Those measures, though temporary in nature may continue and increase depending on the development of the virus outbreak.

We are monitoring closely the development of the situation and anticipating all actions to ensure the business continuity and mitigate the risks on our operations. In the meantime, we also focus on the safety and the wellbeing of our people. All employees have been working from home for several months and this has proven to be very efficient.

The ultimate severity of the corona virus impact is uncertain at this time and therefore we cannot predict the impact it may have on our end markets and operations in 2020 and beyond.

ALIMERA SCIENCES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 6 April 2021 and signed on its behalf.

Rick Eiswirth

Richard S Eiswirth Jr
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIMERA SCIENCES LIMITED

Opinion

We have audited the financial statements of Alimera Sciences Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 2019 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIMERA SCIENCES LIMITED
(CONTINUED)**

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates that whilst the Company generated a profit during the year ended 31 December 2019 and has net current assets as of that date, the Company is reliant on the continued support of its parent company for trading revenues and to recover the carrying value of related parties receivables. The financial statements of the Group of which the Company is a part, disclosed significant uncertainty about the Group's future revenues and the ability to continue as a going concern. As stated in note 2.2, these circumstances, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 under the Companies Act 2006

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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIMERA SCIENCES LIMITED (CONTINUED)

Matters on which we are required to report by exception

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 set out on page 2, 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.

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.

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



Grant Thornton

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALIMERA SCIENCES 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.

Grant Thornton UK LLP

Anthony Thomas BSc ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

6 April 2021

ALIMERA SCIENCES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €	As restated 2018 €
Turnover	4	12,812,124	12,246,662
Cost of sales		(1,710,075)	(1,187,806)
Gross profit		11,102,049	11,058,856
Administrative expenses		(11,045,239)	(11,182,948)
Operating profit/(loss)	5	56,810	(124,092)
Interest receivable/(payable and expenses)	7	226	(53,722)
Profit/(loss) before tax		57,036	(177,814)
Tax on profit/(loss)	8	(187,776)	(52,939)
Loss for the financial year		(130,740)	(230,753)

There was no other comprehensive income for 2019 (2018: €Nil).

The notes on pages 12 to 26 form part of these financial statements.

ALIMERA SCIENCES LIMITED
REGISTERED NUMBER:08018355

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 €	As restated 2018 €
Fixed assets			
Intangible assets	9	11,960	34,038
Tangible assets	10	61,351	37,108
		<u>73,311</u>	<u>71,146</u>
Current assets			
Stocks	11	89,152	805,321
Debtors	12	82,646,964	79,143,279
Cash at bank and in hand	13	1,712,044	2,583,973
		<u>84,448,160</u>	<u>82,532,573</u>
Creditors: amounts falling due within one year	14	(81,244,313)	(79,504,641)
Net current assets		<u>3,203,847</u>	<u>3,027,932</u>
Total assets less current liabilities		<u>3,277,158</u>	<u>3,099,078</u>
Net assets		<u><u>3,277,158</u></u>	<u><u>3,099,078</u></u>
Capital and reserves			
Called up share capital	17	1,201	1,201
Other reserves	18	3,169,135	2,860,315
Profit and loss account	18	106,822	237,562
		<u>3,277,158</u>	<u>3,099,078</u>

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

Rick Eiswirth

Richard S Eiswirth Jr
Director
Date: 6 April 2021

The notes on pages 12 to 26 form part of these financial statements.

ALIMERA SCIENCES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Other reserves	Profit and loss account	Total equity
	€	€	€	€
At 1 January 2019 (as restated)	1,201	2,860,315	237,562	3,099,078
Comprehensive income for the year				
Loss for the year	-	-	(130,740)	(130,740)
Total comprehensive income for the year	-	-	(130,740)	(130,740)
Share options movement	-	308,820	-	308,820
At 31 December 2019	1,201	3,169,135	106,822	3,277,158

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Other reserves	Profit and loss account	Total equity
	€	€	€	€
At 1 January 2018	1,201	2,316,334	468,315	2,785,850
Comprehensive income for the year				
Loss for the year (as restated)	-	-	(230,753)	(230,753)
Total comprehensive income for the year	-	-	(230,753)	(230,753)
Share options movement (as restated)	-	543,981	-	543,981
At 31 December 2018	1,201	2,860,315	237,562	3,099,078

The notes on pages 12 to 26 form part of these financial statements.

ALIMERA SCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Alimera Sciences Limited is a private company, limited by shares and is incorporated in England and Wales. Its registered head office is located at Royal Pavilion Wellesley Road, Aldershot, Hampshire, GU11 1PZ.

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 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

As a qualifying entity, the individual accounts of Alimera Sciences Limited have also adopted the following disclosure exemptions under FRS102:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks
- share based payments
- compensation of Key Management personnel.

The following principal accounting policies have been applied:

ALIMERA SCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.2 Going concern**

The financial statements have been prepared on a going concern basis, which contemplates the realisation assets and the satisfaction of liabilities in the normal course of business. Whilst the Company generated a profit during the year ended 31 December 2019 and has net current assets as of that date, it is reliant upon the support of its parent company for trading revenues and to realise the carrying value of related party receivables.

To date the parent company and the Group of which it is the ultimate parent ('the Group'), has incurred recurring losses, negative cash flow from operations and has an accumulated deficit of earnings. The Group's ability to achieve profitability and positive cash flow is dependent upon its ability to increase revenue and contain its expenses. In management's opinion, the uncertainty regarding future revenues raises substantial doubt about the ability of the Group, and of the Company, to continue as a going concern without access to additional debt or equity financing, over the course of the next twelve months.

The directors have considered the business plan and potential sources of funding and expect to obtain sufficient funding in the next twelve months to enable the Group and the Company to continue as a going concern. The directors acknowledge that there can be no certainty over achieving the projected revenue and managing the cost base as forecasted, as well as the timing and quantum of future fund raisings.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Management have considered the potential impact of covid19 and do not consider it to affect the Company's ability to continue as a going concern.

2.3 Turnover

The Company performs sales & marketing, distribution and logistics functions. Turnover is recognised in the profit and loss account when goods and services are supplied or made available to customers against orders received and significant risks and rewards of ownership have been transferred to the customer and the amount of turnover can be measured reliably.

Turnover excludes value added tax and other similar taxes. Turnover is stated after the deduction of discounts and allowances for estimated future rebates and returns. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Turnover includes a subsidisation charge.

ALIMERA SCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following basis:

Software	- 3 years
----------	-----------

2.5 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

Depreciation is provided on the following basis:

Leasehold improvements	- 5 years
Office equipment	- 5 years
Computer equipment	- 3 years

2.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

ALIMERA SCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.7 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into euros at rates of exchange ruling at the Statement of financial position date.

Transactions in foreign currencies are translated into euros at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of comprehensive income.

Functional and presentation currency

The Company's functional and presentational currency is Euros.

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 the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

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

2.8 Pensions

The Company contributes to defined contribution schemes in respect of its employees. The schemes are managed independently of the Company and the assets of the scheme are held separately in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2.9 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 102.

ALIMERA SCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.10 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.

2.11 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.

2.12 Financial instruments

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

ALIMERA SCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.15 Share based payments**

The Company participates in a group share option plan whereby the parent Company grants options to employees of the Company. The grant date fair value of the options applicable to employees of the Company is charged to the Statement of comprehensive income over the vesting period. The fair value of awards is estimated at grant date using a Black-Scholes option-pricing model. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

2.16 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 the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

ALIMERA SCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)
2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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

- 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.

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

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include bad debt provision, share based payments and deferred taxation.

4. Turnover

Analysis of turnover by country of destination:

	2019 €	2018 €
United Kingdom	3,124,022	2,658,578
Rest of Europe	9,688,102	9,588,084
	<u>12,812,124</u>	<u>12,246,662</u>

ALIMERA SCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Operating profit/(loss)

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

	2019	2018
	€	€
Research & development charged as an expense	1,629,110	1,513,012
Depreciation of tangible fixed assets	40,539	41,360
Amortisation of intangible assets, including goodwill	22,078	37,865
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	30,726	26,083
Accounts preparation services	2,954	-
Taxation services	20,681	-
Exchange differences	1,542,396	3,336,143
Defined contribution pension cost	153,993	127,923
	<u>153,993</u>	<u>127,923</u>

6. Employees

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

	2019	2018
	€	€
Wages and salaries	2,824,237	2,441,082
Social security costs	427,296	372,282
Cost of defined contribution scheme	153,993	127,924
Share-based payments cost	308,820	543,981
	<u>3,714,346</u>	<u>3,485,269</u>

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

	2019	2018
	No.	No.
Sales and administrative	35	34
	<u>35</u>	<u>34</u>

ALIMERA SCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Interest (receivable)/payable and expenses

	2019	2018
	€	€
Other loan interest payable	(226)	53,722

8. Taxation

	2019	2018
	€	€
Corporation tax		
Current tax on profits for the year	566,156	283,230
Deferred tax		
Origination and reversal of timing differences	(378,380)	(230,291)
Taxation on profit on ordinary activities	187,776	52,939

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	<i>As restated</i> 2018
	€	€
Profit on ordinary activities before tax	57,036	(177,814)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	10,837	(33,785)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	378,380	230,291
Amounts recognised as deferred tax asset	(378,380)	(230,291)
Other differences leading to an increase/(decrease) in the tax charge	176,939	86,724
Total tax charge for the year	187,776	52,939

ALIMERA SCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Intangible assets

	Software €
Cost	
At 1 January 2019	130,933
At 31 December 2019	130,933
Amortisation	
At 1 January 2019	96,895
Charge for the year	22,078
At 31 December 2019	118,973
Net book value	
At 31 December 2019	11,960
At 31 December 2018	34,038

ALIMERA SCIENCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Tangible fixed assets

	Long-term leasehold property €	Office equipment €	Computer equipment €	Total €
Cost or valuation				
At 1 January 2019	151,450	20,987	72,744	245,181
Additions	-	60,000	4,782	64,782
At 31 December 2019	151,450	80,987	77,526	309,963
Depreciation				
At 1 January 2019	122,229	14,726	71,118	208,073
Charge for the year on owned assets	29,060	9,761	1,718	40,539
At 31 December 2019	151,289	24,487	72,836	248,612
Net book value				
At 31 December 2019	161	56,500	4,690	61,351
At 31 December 2018	29,221	6,261	1,626	37,108

11. Stocks

	2019 €	2018 €
Finished goods and goods for resale	89,152	805,321

ALIMERA SCIENCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Debtors

	2019 €	As restated 2018 €
Trade debtors	1,823,050	3,652,181
Amounts owed by group undertakings	78,838,167	73,598,059
Other debtors	1,269,420	620,616
Prepayments and accrued income	62,015	239,731
Deferred taxation (Note 16)	654,312	1,032,692
	<u>82,646,964</u>	<u>79,143,279</u>

13. Cash and cash equivalents

	2019 €	2018 €
Cash at bank and in hand	<u>1,712,044</u>	<u>2,583,973</u>

14. Creditors: Amounts falling due within one year

	2019 €	2018 €
Trade creditors	900,525	845,280
Amounts owed to group undertakings	78,539,507	76,280,654
Corporation tax	328,624	713,716
Other taxation and social security	208,658	531,155
Accruals and deferred income	1,266,999	1,133,836
	<u>81,244,313</u>	<u>79,504,641</u>

ALIMERA SCIENCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Financial instruments

	2019 €	2018 €
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>82,245,634</u>	<u>77,792,051</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(78,885,172)</u>	<u>(80,295,994)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors and amounts owed to group undertakings.

16. Deferred taxation

	2019 €	2018 €
At beginning of year	1,032,692	802,401
Charged to profit or loss	(378,380)	230,291
At end of year	<u>654,312</u>	<u>1,032,692</u>

The deferred tax asset is made up as follows:

	2019 €	2018 €
Accelerated capital allowances	<u>654,312</u>	<u>1,032,692</u>

17. Share capital

	2019 €	2018 €
Allotted, called up and fully paid		
1,201 (2018: 1,201) Ordinary shares of €1 each	<u>1,201</u>	<u>1,201</u>

ALIMERA SCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. Reserves

The entity has the following classes of reserves:

Called-up share capital – represents the nominal value of shares that have been issued.

Other reserves - relates to the recognition of the expense implicit in share options awarded to employees by the ultimate parent of the Company for services rendered in the Company which has been recognised as an expense in the year.

Profit and loss account - includes all current and prior period retained profit and losses.

19. Pension commitments

The Company contributes to defined contribution schemes in respect of its employees. The schemes are managed independently of the Company and the assets of the scheme are held separately in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to €153,993 (2018: €127,923).

20. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 €	2018 €
Not later than 1 year	92,712	106,338
	<u>92,712</u>	<u>106,338</u>

21. Related party transactions

The Company has taken advantage of the exemption under FRS 102 Paragraph 33.1A on the basis that the Company is a wholly owned subsidiary of Alimera Sciences, Inc.

22. Ultimate parent undertaking and controlling party

The Company's immediate parent is Alimera Sciences BV, a company registered in the Netherlands. The ultimate parent is Alimera Sciences, Inc., a company incorporated in the United States which is SEC listed. Alimera Sciences Inc heads both the largest and smallest group undertaking for which consolidated financial statements are prepared.

Copies of the financial statements of Alimera Sciences, Inc. can be obtained from the 6120 Windward Parkway, Suite 290, Alpharetta, GA.

ALIMERA SCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

23. Post balance sheet events

We are exposed to risks related to the recent outbreak of the Corona virus.

Governments in affected countries are imposing travel bans, quarantines, lockdown and other public safety measures. Those measures, though temporary in nature may continue and increase depending on the development of the virus outbreak.

We are monitoring closely the development of the situation and anticipating all actions to ensure the business continuity and mitigate the risks on our operations. In the meantime, we also focus on the safety and the wellbeing of our people. All employees have been working from home for several months and this has proven to be very efficient.

The ultimate severity of the corona virus impact is uncertain at this time and therefore we cannot predict the impact it may have on our end markets and operations in 2020 and beyond.