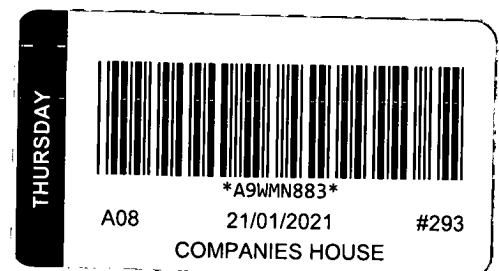


Registered number: 4369760

SWEDISH ORPHAN BIOVITRUM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



SWEDISH ORPHAN BIOVITRUM LIMITED

COMPANY INFORMATION

Directors	N A Dugdale (resigned 31 March 2020) H Stenqvist C Dreger (appointed 1 January 2019, resigned 11 November 2019) S E Cox (appointed 11 March 2020) P Wood (appointed 6 December 2019)
Company secretary	S E Cox (appointed 30 November 2019)
Registered number	4369760
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 2019**

The directors present their strategic report for the year ended 31 December 2019.

Principal activities

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 Swedish Orphan Biovitrum Limited was flat for 2019.

Operating profit fell by 2.4% reflecting the increased costs relating primarily to higher marketing and product advisory costs associated with supporting Haemophilia product sales.

Average headcount remained static as the company achieved increased productivity through efficient use of existing resources and focused engagement on growth areas for the business.

The key performance indicators for the year are as follows:

	2019	2018	Change
	£	£	%
Turnover	51,620,511	51,648,153	-0.1
Operating profit	2,481,352	2,542,914	-2.4
Retained profit carried forward	8,060,683	5,989,381	+34.6
Current assets as a % of current liabilities	156%	136%	+14.7
Average number of employees	32	32	0.0

SWEDISH ORPHAN BIOVITRUM LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Covid-19

Since the balance sheet date, the Covid-19 pandemic has spread across the world, and the effects on the provision of healthcare have been profound, as well as the impact the pandemic has had on the movement of people and their safety. For Sobi, our first priority is our patients and ensuring that they continue to receive the life-changing, and in some cases life-saving, drugs that they need. Accordingly we have kept a close watch on any potential impacts to our business and particularly to our supply chain and our potential to continue to provide drugs and support to our patients and customers in the healthcare environment. The forecast for coming periods, covering at least 12 months from approval of the financial statements, has been put together reflecting the directors current expectations of the impact on results for the remainder of 2020 and future periods, which we believe are minimal due to the robust controls and supply chain we have in place.

Uncertainty as to the length of the pandemic and the related measures to combat it mean that the 2020 full year impact, if any, cannot yet be known but the directors are confident that they have put in place measures to ensure the impact, if any, is mitigated as much as possible, with protection of staff, continuity of supply chain, continued service delivery to customers and ongoing productivity is maintained.

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

People – current government guidance restricts the social gathering of people and also directs staff to work from home wherever possible. We continue to follow government guidelines and therefore expect the vast majority of our business interactions both internally and with external customers to be remote, through virtual communications, until such time as the government deem it safe for individuals to engage in face to face interactions again. Given that most of our customers work within hospitals and healthcare centres, where the safety and health of patients and healthcare workers is paramount, we continue to operate on the basis that we will not attend hospitals, healthcare centres or other customer workplaces unless expressly agreed to with those customers and with an abundance of caution in following all appropriate guidance.

Health & safety – as noted above, the health and safety of our patients, customers and employees is of paramount importance to the company and we continue to support our employees in working in the safest and most compliant manner possible with all government guidelines. At the time of writing, all employees are working from home and expect to do so for at least the remainder of 2020.

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

In general terms our patients continue to have a need for the products that we provide to the healthcare market in the UK, and we do not perceive that need to have changed significantly due to the pandemic.

SWEDISH ORPHAN BIOVITRUM LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

This has been more evident than ever through the Covid-19 crisis, and the Directors have been mindful of the Company's responsibilities to the healthcare community in the UK, to protect our most vulnerable stakeholders, and to contribute to the national effort to combat the virus.

Throughout the crisis we listened carefully to our customers, colleagues, logistics partners and patient groups, to ensure that we continued to be able to supply the life-changing and in some cases life-saving drugs that we provide. Many of our employees have previous experience in working for healthcare institutions including the NHS, and we have supported them in volunteering to help out throughout the pandemic, including supporting a senior member of staff being seconded back into the NHS for a period of time.

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

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

Since March 2020, all employees have been working from their own homes for the vast majority of time and the Directors have continuously sought to engage with employees about their wellbeing, and how the Company can best support them through these changed circumstances. We have adhered to all government guidelines and kept employees consistently updated on the latest guidance and how it affects our working practices. Several employee surveys have taken place, both from our parent company and within the Company itself, and the Directors have taken very seriously the requirement to absorb and understand the results of these surveys, and ensure that the messages are acted upon and the outcomes are followed up with individuals and teams. In this way the Directors and the leadership team aim to maintain our strong collaborative spirit throughout the Company, where every employee has a part to play and every contribution is valued.

SWEDISH ORPHAN BIOVITRUM LIMITED

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

Principal risks and uncertainties

Competitive risks

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

Legislative risks

In the UK and Europe a company engaged in the marketing and selling of products used for treatment of rare medical disorders must comply with the Association of British Pharmaceutical Industry (ABPI) code of practice, and EFPIA (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 of 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 variability rate debt. The company has no financial instruments where they feel this causes a significant risk.

Brexit risk

The company considers the risks of a "no-deal" Brexit to centre around the logistics and supply chain for goods inbound to the UK from the parent company and any delays caused by border controls implemented as a result of Brexit. To mitigate this risk, and in line with advice from HM Government, the company has significantly increased inventory holdings in the UK to act as a buffer against any disruption to supply. The company views this mitigation as sufficient given the level of disruption anticipated even in the most severe scenarios considered as a result of Brexit.

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

Simon Cox

S E Cox

Director

Date: 24th November 2020

SWEDISH ORPHAN BIOVITRUM 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 and dividends

The profit for the year, after taxation, amounted to £2,026,417 (2018 - £2,011,686).

The directors did not recommend the payment of a dividend during the year (2018: £Nil).

Directors

The directors who served during the year were:

N A Dugdale (resigned 31 March 2020)

H Stenqvist

C Dreger (appointed 1 January 2019, resigned 11 November 2019)

P Wood (appointed 6 December 2019)

Subsequent to the year end, on 11 March 2020 S E Cox was appointed as a director.

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 101 'Reduced Disclosure Framework'). 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 these financial statements, 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 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 to 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 and other information included in Directors' Reports may differ from legislation in other jurisdictions.

SWEDISH ORPHAN BIOVITRUM LIMITED

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

Going concern

As noted in the Strategic report, the directors do not regard the Covid-19 pandemic as posing significant risks to business operations in the UK, nor to the overall trading outlook. Our forecasts for 2020 remain consistent with previous assumptions and the directors are confident that the demand for our products remains strong. Furthermore, as a 100% subsidiary of the parent company, Swedish Orphan Biovitrum AB, cash is managed through a "pooling" arrangement whereby excess funds held locally are remitted to the group on a monthly basis, and similarly any temporary shortfalls in cash available locally are supplanted by transfers from the parent company. The Company is therefore reliant on support from its parent and has obtained confirmation from its parent that it will continue to provide the necessary financial support to ensure the company is able to continue as a going concern.

The directors have compiled a budget and cashflow forecast for the coming 12 months based on levels of trading observed throughout the first nine months of 2020, and taking into account the pricing and funding arrangements between the company and its parent. The directors remain confident in the existing product portfolio as well as anticipated revenues from products currently in the launch plan, and have set targets for the coming year based on anticipated revenue growth. Order levels through 2020 have not been significantly impacted by Covid-19 and the directors have no reason to believe that this will change as the pandemic continues. No significant capital expenditure is anticipated in the coming year. As such, the directors perceive no significant cashflow risk to the business.

The Sobi group continues to perform strongly throughout the world and record sales and profit growth year on year, and the directors see no reason for this strength to be significantly impacted by the current pandemic. This, combined with the parental guarantee in place between Swedish Orphan Biovitrum AB and Swedish Orphan Biovitrum Limited, provides the directors with assurance that the business can expect to continue as a going concern for at least twelve months from the signing of these accounts. 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 2019**

Post balance sheet events

Since the balance sheet date, the COVID-19 pandemic has spread across the world. This is considered a non-adjusting post-balance sheet event and the impact of COVID-19, such as any impairment considerations, will be reported in the 2020 financial statements. To date, as noted above, the directors have not identified any significant impact of the pandemic on revenues or costs in the UK.

Please see the narrative in the Strategic Report for further details.

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.

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Simon Cox

S E Cox
Director

Date: 24th November 2020

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

Opinion

We have audited the financial statements of Swedish Orphan Biovitrum Limited 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 the related notes 1 to 28, 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'.

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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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

We have nothing to report in this regard.

Opinion 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.

Matters 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

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

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

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.

**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.

DocuSigned by:
Rachel Wilden
DFFD2F1D82AB44A...

Rachel Wilden (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

Chartered Accountants
Statutory Auditor

Cambridge
Date: 24-Nov-20

SWEDISH ORPHAN BIOVITRUM LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	51,620,511	51,648,153
Cost of sales		(39,655,133)	(41,048,251)
Gross profit		11,965,378	10,599,902
Administrative expenses		(11,058,877)	(8,819,786)
Other operating income	5	1,574,851	762,798
Operating profit	6	2,481,352	2,542,914
Interest receivable and similar income	10	79,148	102,994
Interest payable	11	(2,342)	-
Profit before tax		2,558,158	2,645,908
Tax on profit	12	(531,741)	(634,222)
Profit for the financial year and total comprehensive income		2,026,417	2,011,686

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

The notes on pages 14 to 36 form part of these financial statements.

SWEDISH ORPHAN BIOVITRUM LIMITED
REGISTERED NUMBER:4369760

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	80,250	136,750
Right of use assets	14	111,414	-
		<u>191,664</u>	<u>136,750</u>
Current assets			
Stocks	15	11,786,752	11,198,368
Debtors: amounts falling due within one year	16	10,007,642	11,273,409
Cash at bank and in hand	17	199,545	1,203
		<u>21,993,939</u>	<u>22,472,980</u>
Creditors: amounts falling due within one year	18	(14,006,397)	(16,519,521)
Net current assets		<u>7,987,542</u>	<u>5,953,459</u>
Total assets less current liabilities		<u>8,179,206</u>	<u>6,090,209</u>
Creditors: amounts falling due after more than one year	19	(7,054)	-
		<u>8,172,152</u>	<u>6,090,209</u>
Provisions for liabilities			
Other provisions	22	(111,468)	(100,827)
Net assets		<u><u>8,060,684</u></u>	<u><u>5,989,382</u></u>
Capital and reserves			
Called up share capital	23	1	1
Profit and loss account	24	8,060,683	5,989,381
		<u><u>8,060,684</u></u>	<u><u>5,989,382</u></u>

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

Simon Cox

S E Cox

Director

Date: 24th November 2020

The notes on pages 14 to 36 form part of these financial statements.

SWEDISH ORPHAN BIOVITRUM LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1	5,989,381	5,989,382
Profit for the year	-	2,026,417	2,026,417
Share based payment transactions	-	409,899	409,899
Share based recharge by parent	-	(409,899)	(409,899)
Deferred tax on share based payments taken directly to equity	-	44,885	44,885
At 31 December 2019	1	8,060,683	8,060,684

The notes on pages 14 to 36 form part of these financial statements.

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1	3,969,070	3,969,071
Profit for the year	-	2,011,686	2,011,686
Share based payment transactions	-	313,066	313,066
Share based recharge by parent	-	(313,066)	(313,066)
Deferred tax on share based payments taken directly to equity	-	8,625	8,625
At 31 December 2018	1	5,989,381	5,989,382

The notes on pages 14 to 36 form part of these financial statements.

SWEDISH ORPHAN BIOVITRUM LIMITED

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

1. General information

Swedish Orphan Biovitrum Ltd 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) to (c), 120 to 127 of IFRS 15 revenue from Contracts with Customers.

SWEDISH ORPHAN BIOVITRUM LIMITED

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

2. Accounting policies (continued)

2.3 Going concern

As noted in the Strategic report, the directors do not regard the Covid-19 pandemic as posing significant risks to business operations in the UK, nor to the overall trading outlook. Our forecasts for 2020 remain consistent with previous assumptions and the directors are confident that the demand for our products remains strong. Furthermore, as a 100% subsidiary of the parent company, Swedish Orphan Biovitrum AB, cash is managed through a "pooling" arrangement whereby excess funds held locally are remitted to the group on a monthly basis, and similarly any temporary shortfalls in cash available locally are supplanted by transfers from the parent company. The Company is therefore reliant on support from its parent and has obtained confirmation from its parent that it will continue to provide the necessary financial support to ensure the company is able to continue as a going concern.

The directors have compiled a budget and cashflow forecast for the coming 12 months based on levels of trading observed throughout the first nine months of 2020, and taking into account the pricing and funding arrangements between the company and its parent. The directors remain confident in the existing product portfolio as well as anticipated revenues from products currently in the launch plan, and have set targets for the coming year based on anticipated revenue growth. Order levels through 2020 have not been significantly impacted by Covid-19 and the directors have no reason to believe that this will change as the pandemic continues. No significant capital expenditure is anticipated in the coming year. As such, the directors perceive no significant cashflow risk to the business.

The Sobi group continues to perform strongly throughout the world and record sales and profit growth year on year, and the directors see no reason for this strength to be significantly impacted by the current pandemic. This, combined with the parental guarantee in place between Swedish Orphan Biovitrum AB and Swedish Orphan Biovitrum Limited, provides the directors with assurance that the business can expect to continue as a going concern for at least twelve months from the signing of these accounts. The directors have made enquiries of its parent undertaking and are comfortable that the parent has the ability to provide financial support as needed.

SWEDISH ORPHAN BIOVITRUM LIMITED

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

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

SWEDISH ORPHAN BIOVITRUM LIMITED

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

2. Accounting policies (continued)

2.5 Impact of new international reporting standards, amendments and interpretations

The company has adopted IFRS 16 Leases with effect from 1 January 2019. The effect of initially adopting this standard is outlined below.

IFRS 16 Leases replaces the previous standard IAS 17, and determines how all leases are accounted for and has materially impacted the company's 2019 accounts. The company has adopted IFRS 16 using the modified retrospective approach, so that the right-of-use asset is equal to the lease liability on 1 January 2019, adjusted for any rent prepayments or accrued lease payments. The 2018 comparatives have not been restated, as allowed by the specific transitional provisions within the standard. The reclassifications and adjustments arising from the new standard are therefore recognised in the opening balance sheet as at 1 January 2019.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases that had previously been classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the company's incremental borrowing rate as at 1 January 2019.

There are no material differences between the operating lease commitments disclosed under IAS 17 and the lease liability recognised under IFRS 16.

No practical expedients were taken for short term leases or low value assets.

SWEDISH ORPHAN BIOVITRUM LIMITED

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

2. Accounting policies (continued)**2.5 Impact of new international reporting standards, amendments and interpretations (continued)****IFRS 16**

The company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

The following tables summarise the impacts of adopting new reporting standards on the company's financial statements.

Statement of Financial Position (extract)

	31 December 2018 As originally presented £	IFRS 16 £	1 January 2019 Adjusted balance £
Fixed assets			
Right of use assets	-	194,974	194,974
	<hr/>	<hr/>	<hr/>
	-	194,974	194,974
Current assets			
Prepaid rent	21,250	(21,250)	-
Creditors: amounts falling due within one year	-	(82,653)	(82,653)
Creditors: amounts falling due after more than one year	-	(91,071)	(91,071)
	<hr/>	<hr/>	<hr/>
	-	-	-
Net assets	<hr/>	<hr/>	<hr/>

The effect on the income statement for 2019 is as follows:

- Lease payments of £85,000 removed from administrative expenses
- Depreciation of £83,560 added to administrative expenses
- Interest expense of £2,342 added to interest payable

SWEDISH ORPHAN BIOVITRUM LIMITED

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

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 2019**

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. Previously, payments made under operating leases were charged to the income statement on a straight-line basis over the period of the lease.

From 1 January 2019, 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, 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 the income statement 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 2019**

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 2018 share programme includes a revenue component whereby the fair value of the allotted shares may fluctuate, depending on the assumptions of target achievement. The total amount to be expensed is based on the fair value of the shares allotted.

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

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

2.12 Current and deferred taxation

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

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

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

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

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

SWEDISH ORPHAN BIOVITRUM LIMITED

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

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 2019**

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 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.

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.

Fair value through profit or loss

All of the company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The company always recognises lifetime 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.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which

SWEDISH ORPHAN BIOVITRUM LIMITED

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

2. Accounting policies (continued)

2.19 Financial instruments (continued)

is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

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 balance sheet 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 21.

IFRS 16

The changes to critical estimates and assumptions used by the company as a result of adopting IFRS 16, that have an effect on the reported amounts of assets and liabilities, are outlined below.

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 2019**

4. Turnover

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

	2019 £	2018 £
Product sales	<u>51,620,511</u>	<u>51,648,153</u>

All turnover arose within the European Union.

5. Other operating income

	2019 £	2018 £
Other operating income	<u>1,574,851</u>	<u>762,798</u>

A 7% mark-up is charged to the company's parent undertaking on costs paid on its behalf.

6. Operating profit

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

	2019 £	2018 £
Depreciation of tangible fixed assets	140,060	58,263
Exchange differences	2,840	(5,761)
Cost of equity settled share awards	409,899	313,066
Operating lease rentals	-	85,390
	<u> </u>	<u> </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:

	2019 £	2018 £
Fees for the audit of the company	22,637	24,255
Fees for other assurance services	9,500	8,500
	<u>32,137</u>	<u>32,755</u>

SWEDISH ORPHAN BIOVITRUM LIMITED

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

8. Employees

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

	2019 £	2018 £
Wages and salaries	4,372,282	3,585,768
Social security costs	477,900	555,472
Cost of defined contribution scheme	258,992	265,975
	<u>5,109,174</u>	<u>4,407,215</u>

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

	2019 No.	2018 No.
Administration	5	5
Sales and marketing	27	27
	<u>32</u>	<u>32</u>

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	335,923	284,788
Company contributions to defined contribution pension schemes	25,117	20,798
	<u>361,040</u>	<u>305,586</u>

During the year retirement benefits were accruing to 1 director (2018 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £335,923 (2018 - £284,788).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £25,117 (2018 - £20,798).

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 or prior year.

SWEDISH ORPHAN BIOVITRUM LIMITED

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

10. Interest receivable

	2019 £	2018 £
Loans to group undertakings	79,148	102,994

11. Interest payable and similar expenses

	2019 £	2018 £
Interest on lease liabilities	2,342	-
	2,342	-

12. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	587,503	627,265
Adjustments in respect of previous periods	(30)	7,960
Total current tax	587,473	635,225
Deferred tax		
Origination and reversal of timing differences	(57,667)	(7,687)
Adjustments in respect of prior periods	1,935	6,684
Total deferred tax	(55,732)	(1,003)
Taxation on profit on ordinary activities	531,741	634,222

SWEDISH ORPHAN BIOVITRUM LIMITED

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

12. Taxation (continued)**Factors affecting tax charge for the year**

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

	2019 £	2018 £
Profit on ordinary activities before tax	<u>2,558,158</u>	<u>2,645,908</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	486,050	502,723
Effects of:		
Fixed asset differences	1,435	3,542
Expenses not deductible for tax purposes / (income not taxable)	80,267	120,747
Shared-based payments	(94,865)	(17,983)
Adjustments to tax charge in respect of prior periods	1,905	14,644
Deferred tax credited directly to equity	44,885	8,628
Changes in deferred tax rate	12,064	1,921
Total tax charge for the year	<u><u>531,741</u></u>	<u><u>634,222</u></u>

Factors that may affect future tax charges

In March 2020 the Government announced the withdrawal of the reduction from 19% to 17% from fiscal year 1 April 2020 and 1 April 2021. This will impact the amount of future tax payments to be made by the company.

Deferred tax has been measured using the rates substantively enacted at 31 December 2019.

SWEDISH ORPHAN BIOVITRUM LIMITED

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

13. Tangible fixed assets

	Leasehold improvements £	Office equipment £	Total £
Cost			
At 1 January 2019	91,063	194,866	285,929
At 31 December 2019	<u>91,063</u>	<u>194,866</u>	<u>285,929</u>
Depreciation			
At 1 January 2019	46,835	102,344	149,179
Charge for the year on owned assets	18,130	38,370	56,500
At 31 December 2019	<u>64,965</u>	<u>140,714</u>	<u>205,679</u>
Net book value			
At 31 December 2019	<u>26,098</u>	<u>54,152</u>	<u>80,250</u>
At 31 December 2018	<u>44,228</u>	<u>92,522</u>	<u>136,750</u>

SWEDISH ORPHAN BIOVITRUM LIMITED

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

14. Right of use assets

On 1 January 2019 the company adopted IFRS 16 Leases and has reclassified the cost of leases into Right of use assets as follows:

	Right of use assets £
Cost	
Additions	194,974
At 31 December 2019	<u>194,974</u>
Charge for the period	<u>83,560</u>
At 31 December 2019	<u>83,560</u>
Net book value	
At 31 December 2019	<u><u>111,414</u></u>
At 31 December 2018	<u><u>-</u></u>

15. Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u><u>11,786,752</u></u>	<u><u>11,198,368</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 were £39,023,411 (2018: £40,631,449).

SWEDISH ORPHAN BIOVITRUM LIMITED

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

16. Debtors

	2019 £	2018 £
Trade debtors	9,615,668	10,706,640
Other debtors	-	289,798
Prepayments and accrued income	212,307	197,921
Deferred taxation (Note 21)	179,667	79,050
	<u>10,007,642</u>	<u>11,273,409</u>

17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>199,545</u>	<u>1,203</u>

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	498,937	397,522
Amounts owed to group undertakings	7,517,316	11,636,767
Corporation tax	358,717	415,512
Other taxation and social security	1,692,230	1,907,231
Lease liabilities	84,017	-
Accruals and deferred income	3,855,180	2,162,489
	<u>14,006,397</u>	<u>16,519,521</u>

More information on lease liabilities is included in Note 20.

SWEDISH ORPHAN BIOVITRUM LIMITED

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

19. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Lease liabilities	7,054	-
	<u>7,054</u>	<u>-</u>

More information on lease liabilities is included in Note 20.

20. Leases

The company's leases relate to its premises in Granta Park, Cambridge, UK.

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

	2019 £
In not more than 3 months	21,004
In more than 3 months but less than 1 year	63,013
In more than 1 year but less than 5 years	7,054
	<u>91,071</u>

The discount rates for the lease disclosed above was 1.65%.

	2019 £
At 1 January 2019	173,729
Interest charged	2,342
Lease payments	(85,000)
At 31 December 2019	<u>91,071</u>

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

SWEDISH ORPHAN BIOVITRUM LIMITED

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

21. Deferred taxation

	2019 £	2018 £
At beginning of year	79,050	67,485
Credited / (charged) to profit or loss	55,732	2,940
Credited to equity	44,885	8,625
At end of year	179,667	79,050

The deferred tax asset is made up as follows:

	2019 £	2018 £
Share-based payment	190,624	96,123
Accelerated capital allowances	(10,957)	(17,073)
	179,667	79,050

22. Provisions

	NI Provision £	Dilapidation Provision £	Total £
At 1 January 2019	67,827	33,000	100,827
Charged to the profit or loss	10,641	-	10,641
At 31 December 2019	78,468	33,000	111,468

The dilapidation provision relates to unavoidable end of lease commitments, the relating lease for which expires in April 2021.

The NI provision relates to the potential tax on share options.

23. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1 (2018 - 1) Ordinary share of £1.00	1	1

SWEDISH ORPHAN BIOVITRUM LIMITED

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

24. Reserves

Profit and loss account

Includes the current and prior periods retained profits and losses.

Called up share capital

Share capital consists of the nominal value of issued shares.

25. Share based payments

The equity settled share based payments charge in the profit and loss account is £407k (2018: £313k) and results from the share based incentive programmes as detailed below.

Long-term incentive programmes

Annual General Meetings in 2015-2018 resolved in accordance with Swedish Orphan Biovitrum AB (publ) (Sobi) Board's proposal to establish long-term incentive programmes.

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

The performance share programmes for 2015-2018 are structured according to similar principles.

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

Share programme 2015

The 2015 share programme expired in 2018.

The 2015 AGM approved a long-term share programme that encompasses the senior managers, and a programme for other employees. The performance target was that the share price was to increase between 15 and 75 per cent from the volume-weighted share price ten days prior to the roll-out of the programme. The performance outcome is 0 if the share price is below 15 per cent and straight-line allotment takes place between 15 and 75 per cent.

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Share based payments (continued)**Share programme 2016**

The 2016 AGM approved a long-term share programme that encompasses the senior managers, and a programme for other employees. The performance target was that the share price was to increase between 15 and 75 per cent from the volume-weighted share price ten days prior to the roll-out of the programme. The performance outcome is 0 if the share price is below 15 per cent and straight-line allotment takes place between 15 and 75 per cent.

Share programme 2017

The 2017 AGM approved a long-term share programme that encompasses the senior managers, and a programme for other employees. After a three-year lock-up period: Participants in the management programme are allotted performance shares contingent on a certain share price performance. For maximum allotment of 60 per cent of performance shares, the price of the ordinary share, adjusted for any dividends, must increase by at least 50 per cent. If the share price, adjusted for any dividends, has increased by 15-50 per cent, programme participants will receive straight-line allotment of performance shares. For maximum allotment of the remaining 40 per cent of performance shares, actual annual revenue during the vesting period must meet or exceed the budget for annual revenue.

Share programme 2018

The 2018 AGM approved a long-term share programme covering the CEO, senior executives and managers, and a programme for other employees. Participation in the programme for other employees requires personal investment in Sobi's ordinary shares, referred to as "saving shares" in the programme. After a three-year lock-up period: Participants in the management programme are allotted performance shares contingent on a certain share price performance. For a maximum allotment of 60 per cent of performance shares, the price of Sobi's ordinary share, adjusted for any dividends, must increase by at least 50 per cent. If the share price, adjusted for any dividends, has increased by 15-50 per cent, the programme participants will receive a straight-line allotment of performance shares. For a maximum allotment of the remaining 40 per cent of performance shares, actual annual revenue during the vesting period must meet or exceed the budget for annual revenue. The performance target for 2018 was achieved. The maximum possible allotment of shares is 746,563. Participants in the employee programme are allotted two matching shares for each saving share. To qualify for the allotment of matching shares, programme participants must have retained the saving shares they have acquired. The maximum possible allotment of shares is 41,054. During the roll-out of the 2018 share programme, a number of employees were insiders and not therefore able to participate in the programme. In light of this, the Board approved the roll-out of LTI 2018B for these employees, and for new employees since the roll-out of LTI 2018A.

Share programme 2019

The 2019 AGM approved a long-term share programme covering the CEO, senior executives and managers, and a programme for other employees. Participation in the programme for other employees requires personal investment in Sobi's ordinary shares, referred to as "saving shares" in the programme. After a three-year lock-up period: Participants in the Management Programme are allotted performance shares contingent upon a certain share price performance. For a maximum allotment of 60 per cent of performance shares, the price of Sobi's ordinary share, adjusted for any dividends, must increase by at least 50 per cent. If the share price, adjusted for any dividends, has increased by 15-50 per cent, the programme participants will receive a straight-line allotment of performance shares. For a maximum allotment of the remaining 40 per cent of performance shares, actual annual revenues during the vesting period must meet or exceed the budget for annual revenues. 100 per cent of the performance target for 2019 was achieved. The maximum possible allotment of shares is 807,824. Participants in the All Employee Programme are allotted two matching shares for each saving share. To qualify for the allotment of matching shares, programme participants must have retained the saving shares they have acquired. The maximum possible allotment of shares is 41,726.

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26. 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 £258,992 (2018: £265,975). No contributions were payable to the fund at the end of the year (2018: £Nil).

27. Controlling party

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

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

28. Post balance sheet events

Since the balance sheet date, the COVID-19 pandemic has spread across the world. This is considered a non-adjusting post-balance sheet event and the impact of COVID-19, such as any impairment considerations, will be reported in the 2020 financial statements. To date, as noted above, the directors have not identified any significant impact of the pandemic on revenues or costs in the UK.

Please see the narrative in the Strategic Report for further details.