Company Registration No. 03704998

GW Pharma Limited

Annual Report and Financial Statements

Year ended 31 December 2022

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

CONTENTS

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Samantha Pearce (appointed 13 January 2023)
Luca Marchetti (appointed 28 April 2023)
David Spackman (appointed 13 January 2023)
Christopher Tovey (resigned 27 October 2022)
Iain Ward (resigned 13 January 2023)
Adrian Campbell (resigned 1 January 2023)

SECRETARY

Aislinn Doody (appointed 13 January 2023)
Iain Ward (resigned 13 January 2023)

REGISTERED OFFICE

Sovereign House
Vision Park
Chivers Way
Histon
Cambridge CB24 9BZ
United Kingdom

PRINCIPAL BANKERS

JP Morgan Chase Bank N.A.
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

SOLICITORS

Manches LLP
9400 Garsington Road
Oxford Business Park
Oxford OX4 2HN
United Kingdom

AUDITOR

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

REGISTERED NUMBER

03704998

STRATEGIC REPORT

The Directors present their Strategic Report for GW Pharma Limited ("GWP" or "the Company") for the year ended 31 December 2022.

BUSINESS REVIEW

During 2022, the Company has made further progress in the development and commercialisation of our pipeline of cannabinoid prescription medicines.

The Company's role within the Jazz Pharmaceuticals Group ("Jazz Group") is to provide manufacturing and research and development services to fellow subsidiaries and commercial partners. Our core expertise is the extraction, purification and formulation of cannabinoid dosage forms, in accordance with pharmaceutical standards, suitable for use in the treatment of a broad range of therapeutic areas.

KEY PERFORMANCE INDICATORS

Turnover for the year ended 31 December 2022 was £561.1 million, compared to £552.3 million for the year ended 31 December 2021. This increase reflects the expansion of the company's product sales to other members of the Jazz Pharmaceuticals Group as the commercial expansion of the Group's approved pharmaceutical products continues.

Sales, general and administrative (SG&A) expenses amounted to £315.1 million for the year ended 31 December 2022 compared to £201.1 million for the year ended 31 December 2021. The SG&A expense has increased this year due to continued expansion of the company's operations, and further integration costs incurred by the company following the acquisition of GW Pharmaceuticals Group by Jazz Pharmaceuticals Group in the prior year.

During the prior year ended 31 December 2021 the Company disposed of its investment in Greenwich Biosciences, Inc. and was assigned a US Dollar denominated intercompany loan receivable in consideration totalling £345.5 million. The one-off profit on disposal of £227.8 million was recognised in the prior year profit and loss as a one-time gain.

The £43.0 million loss for the year ended 31 December 2022 (year ended 31 December 2021: profit of £278.9 million) reflects the impact of the above items. The decrease largely represents the one-off impact of the £227.8 million profit on disposal of a subsidiary investment recognised in the prior year.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that are faced by the Company are set out below.

Clinical
Clinical trials may encounter delays or fail to achieve their endpoints.

Regulatory
Regulatory bodies around the world have different requirements for the approval of therapeutic products. This may result in the restriction of indication, denial of approval or demands for additional data.

Legislative
The Company's research and commercial material consists primarily of controlled drugs and as such is subject to both national and international legislation, which can change at any time. Rescheduling is often required before a cannabinoid medicine may be marketed. Such rescheduling may be refused or delayed.

Manufacturing
The Company may encounter problems in its manufacturing process which may delay product development programmes, interrupt commercial supplies or restrict the commercial quantities of product that can be made. We will need to develop new manufacturing processes for our new pipeline products. We may struggle to scale up our small-scale processes to commercial scale.

We depend on a limited number of suppliers for materials and components required to manufacture Epidiolex, Sativex and our product candidates. The loss of these suppliers, or their failure to supply us on a timely basis, could cause delays in our current and future capacity and adversely affect our business.

Manufacturing facilities are subject to regulatory inspection and grant of manufacturing licences. These may be withdrawn at any time by inspectors if they consider that our facilities are not operating to the required high pharmaceutical standards.

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Marketing and Commercialisation
Following regulatory approval, products may not achieve commercial success or may be subject to competition.

Although we are leaders in the field of cannabinoid science, competitor companies and competitive cannabinoid products will emerge and will compete with our products in the future. Our products will similarly compete with existing approved non-cannabinoid medicines which may be cheaper or may have greater efficacy, administration or prescribing advantages that may give them a competitive advantage. Reimbursement agencies may not agree to cover the cost of an approved product.

Safety
During development or post-marketing surveillance, quality, safety, efficacy or tolerability issues may emerge that result in the withdrawal or restriction of product licences or early termination of clinical development programmes.

Intellectual property
The Company may not be able to secure and maintain intellectual property protection for its products or may be prevented from commercialising product candidates by the existence of competitor owned intellectual property.

KEY STAKEHOLDERS: CONNECTING WITH OUR STAKEHOLDERS

The Group has made endeavours to comply with the requirements of section 172(1) of the Companies Act 2006. Our business touches the lives of many people and organisations. We exist in a complex and evolving regulatory and scientific environment and we have a number of key stakeholder groups, some examples of which are included below.

a) the likely consequences of any decision in the long term:
GW Pharma Limited is a part of the Jazz Pharmaceuticals Group ("the Group"). Decisions made relating to the Company feed into Group strategies on how best to engage with customers and stakeholders as well as developing our product pipeline.

b) the interests of the company's employees:
Considerable importance is placed on the value of employee engagement. Each individual employee's contribution is a key element to the future success of the Company and the wider Group. Employees are regularly briefed on significant activities in company-wide update meetings, and have regular opportunities to share their views with senior leadership as part of online and in-person meetings across our sites. The majority of employees are given the opportunity to participate in the Parent Company's share capital through equity awards.

c) the need to foster the company's business relationships with suppliers, customers and others:
Having an effective supplier process is critical to success of the Company. There is regular engagement with suppliers, which allows discussion and the development of sustainable working partnerships. Third parties and suppliers are required to comply with the Group Code of Conduct for Business Partners, with which GW Pharma Limited requires suppliers, vendors, customers, agents, consultants and contractors to conform.

d) the impact of the company's operations on the community and the environment:
The patient is placed at the centre of the Company's activities, and as such engagement is required to understand the needs of the patient, caregivers, and the wider community. There is close collaboration with patient advocacy groups and patients are engaged in our development and clinical trial programmes to foster patient-informed medicine.

As part of the Group's evolving environmental strategy, our business processes are subject to monitoring to identify and implement improved ways of working that mitigate the environmental impact of the Company's activities. The Company encourages remote working and promoting online conferencing facilities to reduce business-related travel and is actively exploring ways to reduce the energy needs.

e) the desirability of the company maintaining a reputation for high standards of business conduct:
Jazz Pharmaceuticals Group maintains and operates a Code of Business Conduct and Ethics. This sets out the group-wide approach to ensure that our corporate values are maintained throughout our global business. This Code applies to all employees of Jazz Pharmaceuticals Group companies and all employees are required to attest compliance with the policy.

STRATEGIC REPORT (CONTINUED)

KEY STAKEHOLDERS: CONNECTING WITH OUR STAKEHOLDERS (CONTINUED)

f) the need to act fairly as between members of the company:
Transactions between the Company and other members of the Jazz Pharmaceuticals Group occur at arm's length and on a commercial basis. There is regular communication between the Company's Directors and the Jazz Pharmaceuticals Group through their inclusion in the Group's wider strategic decision-making processes.

ENVIRONMENTAL MATTERS

The Company is aware of the risks of climate change and actively looks to minimise areas of emissions by encouraging energy-efficient means of working.

We have reported here our emission sources required under the Streamlined Energy and Carbon Reporting (SECR) requirements for large UK companies. We have used the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015), and emission factors from UK Government's GHG Conversion Factors for Company Reporting.

Our sources of emission relate principally to our office and production facilities, the costs of which are included within these financial statements. We do not have responsibility for any emission sources that are not included in our financial statements. We have used the most recent evidence or estimates provided by our energy suppliers to calculate emissions for the year ended 31 December 2022 and year ended 31 December 2021. Scope 1 emissions are the Company's direct emissions from sources owned or controlled by the Company, including the combustion of fuel and operation of facilities. Scope 2 emissions are those indirect emissions generated as a result of the purchase of electricity, heat, steam and cooling from suppliers for use at the Company's locations.

We estimate that the annual quantity of emissions for the Company during the current year and prior period were:

	Year ended 31 December 2022			Year ended 31 December 2021		
	UK tCO2e	Overseas tCO2e	Total tCO2e	UK tCO2e	Overseas tCO2e	Total tCO2e
Scope 1	355	–	355	531	–	531
Scope 2	1,717	–	1,717	2,005	–	2,005
Total	2,072	–	2,072	2,536	–	2,536

The Company considers that the intensity ratio of tonnes of carbon dioxide per employee is a suitable metric for its operations, reflecting the Company's investment in its production and research activities. This was 6.7 tonnes per head average for the year ended 31 December 2022 (year ended 31 December 2021: 7.8 tonnes).

Approved by the Board of Directors and signed on behalf of the Board.

DocuSigned by:
David Spackman
D64352FAA945473...
David Spackman
Director
18 December 2023

DIRECTORS' REPORT

The Directors present their annual report on the affairs of GW Pharma Limited, together with the financial statements and independent auditor's report for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The Company's principal activity is the manufacture and commercialisation of cannabinoid prescription medicines. The Company's primary approved products are Epidiolex, a pharmaceutical formulation of cannabidiol (CBD) for the treatment of seizures associated with Lennox-Gastaut syndrome or Dravet syndrome, and Sativex, an Oromucosal Spray approved for the treatment of the symptoms of Spasticity associated with Multiple Sclerosis.

STAKEHOLDER ENGAGEMENT

See the Strategic Report for the Company's S172(1) statement highlighting engagement with stakeholders.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a number of financial risks, including credit risk, liquidity risk, market price risk and exchange rate risk. The Company can use financial instruments to mitigate these. It is Company policy that no speculative trading in financial instruments shall be undertaken.

Credit Risk

The Company's principal financial assets are cash and short-term cash equivalents. Risk is minimised through an investment policy restricting the investment of surplus cash to interest bearing deposits principally held with the major UK banking groups and with UK subsidiaries of banking groups with acceptable credit ratings.

Trade receivables are concentrated to a small number of large customers with well-established relationships, where the risk and history of default is considered to be low.

Liquidity Risk

The Company has a commitment from its ultimate parent undertaking to provide cash and liquid resources to enable the Company to meet its liabilities as they fall due. Liquidity is managed by Jazz Financing I DAC, a fellow Jazz Pharmaceuticals Group undertaking, through a programme of centralised treasury management based on cash-pooling accounts. Hence, the Directors are satisfied that the Company has sufficient access to cash funds to meet the Company's liabilities as they fall due.

Exchange Rate Risk

The Company's functional currency is Pounds Sterling (GBP). However, during the period the Company had exposure to Euros (€) and US Dollars (US$). The Company's policy is to maintain natural hedges, where possible, by matching cash balances and receipts with planned expenditure.

RESEARCH AND DEVELOPMENT ACTIVITIES

The R&D undertaken by the Company amounted to £27.9 million (year ended 31 December 2021: £31.8 million), all of which was expensed during the year ended 31 December 2022.

RESULTS AND DIVIDEND

The audited financial statements for the year ended 31 December 2022 are set out on pages 12 to 32. The loss for the year after taxation was £43.0 million (year ended 31 December 2021: profit of £278.9 million).

During the year ended 31 December 2022 the Company paid a dividend of £60.0 million (year ended 31 December 2021: £nil).

SUBSEQUENT EVENTS

There have been no events or circumstances since the balance sheet date that would significantly affect the Company.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors who served throughout the period and to the date of signing these financial statements are as follows:

Samantha Pearce (appointed 13 January 2023)
Luca Marchetti (appointed 28 April 2023)
David Spackman (appointed 13 January 2023)
Christopher Tovey (resigned 27 October 2022)
Iain Ward (resigned 13 January 2023)
Adrian Campbell (resigned 1 January 2023)

CHARITABLE AND POLITICAL CONTRIBUTIONS

The Company made no charitable or political contributions or incurred any political expenditure during the year ended 31 December 2022 (year ended 31 December 2021: £nil).

EMPLOYEE CONSULTATION AND HUMAN RIGHTS

The Company places considerable value on the involvement of its employees. They are regularly briefed on the Company's activities in Company-wide meetings and updates, and have regular opportunities to share their views with Executive Directors and Officers. Their contribution is a key element to the future success of the Company and accordingly, the majority of employees are given the opportunity to participate in the Company's share capital by joining one or more of the share option schemes operated by the Company. Details of the share options issued under these plans are set out in note 4 to the financial statements. Equal opportunity is given to all employees regardless of their age, sex, colour, race, disability, religion or ethnic origin.

The Company considers that respecting human rights is a global standard of expected conduct for all business enterprises. The Company aims to comply with all applicable laws, especially health and safety, to prevent abuses of human rights. Regular dialogue is held between employees at each of the Company's sites and senior management to ensure that any issues are identified and resolved. The Company maintains and operates within a Code of Conduct and Business Ethics with which all staff are required to comply.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

GOING CONCERN

The Directors have prepared the financial statements on a going concern basis.

FUTURE DEVELOPMENTS

Following the European regulatory approval of Epidyolex, the Company continues to execute commercial launches in further countries. The Company also continues with the manufacture and commercialisation of cannabinoid prescription medicines.

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office.

DIRECTORS' REPORT (CONTINUED)

Approved by the Board of Directors and signed on behalf of the Board

DocuSigned by:
David Spackman
D64352FAA945473...

David Spackman
Director
18 December 2023
Sovereign House, Vision Park
Chivers Way
Histon CB24 9BZ

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report, Strategic 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 they have elected to prepare the financial statements in accordance with 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 estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG

KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent Auditor's Report to the Members of GW Pharma Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of GW Pharma Limited ('the Company') for the year ended 31 December 2022 set out on pages 12 to 32, which comprise the Balance Sheet, the Profit and Loss Account, Statement of Comprehensive Income and Expense, the Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 1.

The financial reporting framework that has been applied in their preparation is UK Law and FRS 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 2022 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework issued by the UK's Financial Reporting Council; and
- the financial statements 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

KPMG

Independent Auditor's Report to the Members of GW Pharma Limited *(continued)*
Report on the audit of the financial statements *(continued)*

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The company is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

KPMG

Independent Auditor's Report to the Members of GW Pharma Limited *(continued)*

Report on the audit of the financial statements *(continued)*

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

19 December 2023

Maurice McCann (Senior Statutory Auditor)
for and on behalf of
KPMG, Statutory Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03

PROFIT AND LOSS

For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
TURNOVER	2	**561,065**	552,329
Cost of sales		**(267,636)**	(256,359)
GROSS PROFIT		**293,429**	295,970
Other operating income	3	**1,621**	5,546
Research and development expenditure		**(27,861)**	(31,799)
Sales, general and administrative expenses		**(315,099)**	(201,113)
Gain on sale of subsidiary investment		–	227,838
Share-based payment	4	**(6,810)**	(14,055)
Net foreign exchange gain/(loss)		**11,955**	(148)
Total operating expenses		**(337,815)**	(19,277)
OPERATING (LOSS)/PROFIT		**(42,765)**	282,239
Interest received	7	**589**	69
Interest paid	7	**(1,513)**	(2,907)
(LOSS)/PROFIT BEFORE TAXATION		**(43,689)**	279,401
Tax credit/(charge) on loss/profit	8	**718**	(517)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	9	**(42,971)**	278,884

All activities relate to continuing operations.

The accompanying notes are an integral part of this profit and loss account.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

For the year ended 31 December 2022

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
(Loss)/profit for the year	**(42,971)**	278,884
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	–	(2,372)
Other comprehensive income for the year	–	(2,372)
Total comprehensive (expense)/income for the year	**(42,971)**	276,512

No tax arises relating to components of other comprehensive expense.

The accompanying notes are an integral part of this statement of comprehensive income and expense.

BALANCE SHEET

As at 31 December 2022

	Note	31 December 2022 £'000	31 December 2021 £'000
FIXED ASSETS			
Intangible assets	10	**2,582**	3,971
Tangible assets	11	**37,190**	94,323
Right-of-use lease assets	16	**13,655**	14,742
Deferred tax asset		–	32
Amounts due from group undertakings	14	–	345,466
Investments	12	**358,549**	–
		411,976	458,534
CURRENT ASSETS			
Inventories	13	**114,881**	101,067
Trade and other receivables	14	**69,292**	133,126
Cash and cash equivalents		**8,571**	10,873
		192,744	245,066
CREDITORS: amounts falling due within one year			
Trade and other payables	15	**(92,553)**	(129,240)
Provisions	16	**(34,131)**	–
Lease liabilities	17	**(1,911)**	(1,787)
		(128,595)	(131,027)
NET CURRENT ASSETS		**64,149**	114,039
TOTAL ASSETS LESS CURRENT LIABILITIES		**476,125**	572,573
CREDITORS: amounts falling due after one year			
Trade and other payables	15	**(5,405)**	(5,966)
Lease liabilities	17	**(14,079)**	(14,810)
		(19,484)	(20,776)
NET ASSETS		**456,641**	551,797
CAPITAL AND RESERVES			
Called up share capital	18	–	156
Share premium account	18	–	233,882
Foreign exchange reserve	19	–	–
Capital contribution reserve	19	–	117,628
Profit and loss account		**456,641**	200,131
TOTAL SHAREHOLDER'S SURPLUS		**456,641**	551,797

These financial statements of GW Pharma Limited, registered number 03704998, were approved and authorised for issue by the Board of Directors on 18 December 2023.

Signed on behalf of the Board of Directors.

DocuSigned by:

David Spackman

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David Spackman
Director

The accompanying notes are an integral part of this balance sheet.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Note	Called up share capital £'000	Share premium account £'000	Foreign exchange reserve £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2021		**156**	**233,882**	**2,372**	**–**	**(92,809)**	**143,601**
Profit for the financial year		–	–		–	278,884	278,884
Other comprehensive expense		–	–	(2,372)	–	–	(2,372)
Total comprehensive income for the year		–	–	(2,372)	–	278,884	276,512
Parent company contribution		–	–	–	117,628	–	117,628
Share-based payment transactions	4	–	–	–	–	14,056	14,056
Balance at 31 December 2021		**156**	**233,882**	**–**	**117,628**	**200,131**	**551,797**
Loss for the financial year		–	–	–	–	(42,971)	(42,971)
Total comprehensive expense for the year		–	–	–	–	(42,971)	(42,971)
Issue of share capital		117,628	–	–	(117,628)	–	–
Reduction of share capital		(117,784)	(233,882)	–	–	351,666	–
Share-based payment transactions	4	–	–	–	–	7,815	7,815
Dividend paid		–	–	–	–	(60,000)	(60,000)
Balance at 31 December 2022		–	–	–	–	**456,641**	**456,641**

The accompanying notes are an integral part of this statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2022

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding periods.

Basis of accounting

GW Pharma Limited is a private company incorporated, domiciled and registered in England in the UK. The registered number is 03704998 and the registered address is Sovereign House, Vision Park, Chivers Way, Histon, Cambridge, CB24 9BZ, United Kingdom.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

In preparing these financial statements, the Company applies the recognition, measurements, and disclosure requirements of international accounting standards in conformity with the requirements of the companies act 2006 ("UK adopted IFRS") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions have been taken.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below. These financial statements are presented in Pounds Sterling which is the currency of the primary economic environment in which the Company operates.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 401 of the Companies Act 2006 because it is a wholly owned subsidiary of Jazz Pharmaceuticals Plc which prepares consolidated financial statements that are publicly available and may be obtained from the Company Secretary, Jazz Pharmaceuticals plc, 5th Floor, Waterloo Exchange, Waterloo Road, Dublin 4, Ireland. The Company's ultimate parent undertaking, Jazz Pharmaceuticals plc, includes the Company in its consolidated financial statements. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

In these financial statements, the Company has applied the exemptions available under FRS 101 in

respect of the following disclosures:

- cash flow statement and related notes;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- the disclosures required by IFRS 7 Financial Instrument Disclosures;
- disclosures in respect of transactions with wholly owned subsidiaries; and
- disclosures in respect of the compensation of Key Management Personnel

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Going concern

The Directors are satisfied that it is appropriate to prepare the financial statements on the going concern basis.

Turnover

The Company recognises revenue from product sales when control of the promised goods is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. Prior to recognising revenue, we make estimates of the transaction price, including variable consideration that is subject to a constraint. Amounts of variable consideration are included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 December 2022

1. ACCOUNTING POLICIES (CONTINUED)

Other operating income

Staff support services
The Company provides the services of its staff to other Group companies to support their research and commercial activities. Income is recognised as these services are performed.

Research and development

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred prior to achieving regulatory approval.

An internally generated intangible asset arising from the Company's development activities is recognised only if the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

The Company has determined that regulatory approval is the earliest point at which the probable threshold can be achieved. All research and development expenditure incurred prior to achieving regulatory approval is therefore expensed as incurred.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries, associates and joint arrangements to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency, UK Pounds Sterling, at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 December 2022

1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and liabilities are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets

Financial assets are classified into "amortised cost", "at fair value through other comprehensive income", and "at fair value through profit or loss".

Trade and other receivables

Trade and other receivables have fixed or determinable payments and are not quoted in an active market. They are measured at amortised cost, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade and other receivables are assessed for indicators of impairment at each balance sheet date. Appropriate allowances for expected credit losses are recognised in the Profit and Loss Account. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on-call deposits held with banks.

Financial liabilities

Financial liabilities are classified into "amortised cost", and "at fair value through profit or loss".

Trade payables are initially recognised at fair value and then held at amortised cost which equates to fair value. Long-term payables are discounted where the effect is material.

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, using the effective interest method. The difference between the proceeds, net of transaction costs, and the amount due on redemption is recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Retirement benefit costs

The Company operates a defined contribution pension scheme for its UK based employees. Employer's contributions are charged to the statement of profit and loss as they are incurred. The Company has no obligation to the pension scheme beyond the payment of contributions and does not offer any other post-retirement benefits. The assets of the pension scheme are held separately from those of the Company in an independently administered fund.

Investments in subsidiaries

Investments are shown at cost less provision for impairment. The Company considers the recoverability of investments in subsidiaries and intercompany receivables on an ongoing basis, whenever indicators of impairment are present. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write down to fair value is necessary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 December 2022

1. ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Other intangible assets are stated at cost less provisions for amortisation and impairments. Licences, patents, know-how, software and marketing rights separately acquired or acquired as part of a business combination are amortised over their estimated useful lives using the straight-line basis from the time they are available for use. The estimated useful lives for determining the amortisation take into account patent lives and related product application, but do not exceed their lifetime. Asset lives are reviewed annually and adjusted where necessary. Contingent milestone payments are recognised at the point that the contingent event becomes certain. Any subsequent development costs incurred by the Company and associated with acquired licences, patents, know-how or marketing rights are written off to the profit and loss account when incurred, unless the criteria for recognition of an internally generated intangible asset are met, usually when a regulatory filing has been made in a major market and approval is considered highly probable.

Amortisation is provided so as to write off the cost of assets, less their estimated residual values, over their useful lives using the straight-line method, as follows:

Software	3 years
Licences	3 years or term of licence if longer

Amortisation is expensed as incurred and is included within profit and loss as part of research and development expenditure, and sales, general and administrative expenses.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. On other fixed assets, depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings	10 to 40 years
Plant, machinery and laboratory equipment	3 to 20 years
Office and IT equipment	3 to 5 years
Leasehold improvements	4 to 20 years or term of lease if shorter

No depreciation is provided on assets under the course of construction. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation on these assets commences when the assets are available for use.

The gain or loss arising on disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in operating profit.

Inventories

Inventory is stated at the lower of cost or estimated net realisable value. We use a combination of standard and actual costing methodologies to determine the cost basis for our inventories, which approximates actual cost. Inventory is valued on a first-in, first-out basis. We reduce our inventory to net realisable value for potentially excess, dated or obsolete inventory based on an analysis of forecasted demand compared to quantities on hand, as well as product shelf life.

Our inventory production process includes the cultivation of botanical raw material. Because of the duration of the cultivation process, a substantial portion of our inventory will not be sold within one year. Consistent with the practice in other industries that cultivate botanical raw materials, all inventory is classified as a current asset.

Inventories manufactured prior to regulatory approval are capitalised as an asset but provided for until there is a high probability of regulatory approval of the product. At the point when a high probability of regulatory approval is obtained, which can vary by territory and product but typically will be on acceptance of application by the relevant regulatory authority, the provision is adjusted appropriately to increase the carrying value to expected net realisable value, which may not exceed original cost.

Adjustments to the provision for inventories manufactured prior to regulatory approval are recorded as a component of research and development expenditure. Adjustments to the provision against commercial product related inventories manufactured following achievement of regulatory approval are recorded as a component of cost of goods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 December 2022

1. ACCOUNTING POLICIES (CONTINUED)

Share-based payment

Jazz Pharmaceuticals plc, the Company's ultimate parent undertaking, makes equity settled share-based payment awards to employees of the Company. The Company expenses the grant-date fair value of this share-based compensation over the period the related services are received, together with a corresponding increase in equity.

Share-based payment expense for equity-settled awards made to employees is measured and recognised based on their estimated grant date fair values. These awards include employee share options and Restricted Stock Units ("RSUs").

Share-based payment expense for RSUs awarded to employees is measured based on the closing fair market value of the Company's shares on the date of grant. Share-based payment expense for share options awarded to employees is estimated at the grant date based on the fair value of the awards as calculated using the Black-Scholes option pricing model. The value of awards expected to vest is recognised as an expense in profit or loss over the requisite service period.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified and the original terms of the award were met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Payments made to other group companies for equity settled share based payment instruments issued to employees of the Company are recognised in the Statement of changes in Equity as a decrease in the profit and loss reserve.

Leases

The Company determines if an arrangement is a lease at inception. Leases are included in right-of-use assets, accrual and other current liabilities, and lease liabilities on the balance sheet. Right-of-use assets and lease liabilities are recognised based on the present value of the future minimum lease payments over the lease term at commencement date. In determining the net present value of lease payments, the Company uses an incremental borrowing rate based on the information available at the lease commencement date. The right of-use asset also includes any lease payments made prior to commencement, reduced by lease incentives and increased by initial direct costs incurred. The Company recognise a depreciation charge for right-of-use assets on a straight-line basis over the lease term and an interest expense on lease liabilities within interest payable in the statement of profit and loss. The lease terms include options to extend or terminate the lease when it is reasonably certain that this option will be exercised. For vehicle leases the Company accounts for the lease and non-lease components as a single lease component.

The Company have elected the short-term lease exemption and, therefore, does not recognise a right-of-use asset or corresponding liability for lease arrangements with an original term of 12 months or less. Lease payments associated with short-term leases are recognised in our statement of profit or loss on a straight-line basis over the lease term.

The Company has elected the low value lease exemption and, therefore, does not recognise a right-of-use asset or corresponding liability for lease arrangements for which the underlying asset is of low value. Lease payments associated with these leases are recognised in our statement of profit and loss on a straight-line basis over the lease term.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the Board of Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Directors do not consider that there are any critical accounting judgements or estimates that have been made in the process of applying the Company's accounting policies and that have had a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 December 2022

2. TURNOVER

Turnover by class of business:	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Product net sales		
- To other Group entities	**531,064**	525,821
- To external third parties	**30,001**	26,287
Research and development fees	–	221
	561,065	552,329

Geographical analysis of turnover:	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
United States	**473,521**	472,550
Europe (excluding UK)	**57,339**	55,792
United Kingdom	**18,777**	15,930
Asia/Other	**11,009**	7,536
Canada	**419**	521
	561,065	552,329

3. OTHER OPERATING INCOME

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Staff support services	**1,621**	5,546
	1,621	5,546

Other operating income consists of intercompany recharges for activities carried out on behalf of fellow group companies. Other operating income arose in the UK and in the United States.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 December 2022

4. SHARE-BASED PAYMENT

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Share based payment	**6,810**	14,055
	6,810	14,055

The ultimate parent Company, Jazz Pharmaceuticals plc, grants equity awards from its Equity Incentive Plan which provides for the issuance of share options, restricted stock units and other equity awards.

Jazz Pharmaceuticals plc's equity award programme is a long-term retention programme that is intended to attract, retain and motivate its employees and directors and to align the interests of these parties with those of its shareholders. Equity awards made by Jazz Pharmaceuticals plc to the Company's employees are settled through the issuance of new shares and are recognised in the financial statements as equity settled share-based compensation.

The weighted average share price at the date of exercise of share options exercised during the year was $154.37 (year ended 31 December 2021: $169.98). The options outstanding at 31 December 2022 had an exercise prices of $0.02 (2021: $0.02) and a weighted average remaining contractual life of 7.42 years (2021: 7.47 years).

During the year ended 31 December 2022 the Company capitalised £1.0 million of share based payment expenses as non-current fixed asset additions.

5. DIRECTORS' REMUNERATION AND TRANSACTIONS

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Emoluments	2,183	2,592
Gains on exercise of share options	2,539	21,676
	4,722	24,268

Included in emoluments above is £0.7 million relating to termination benefits (year ended 31 December 2021: £0.9 million).

Included in emoluments above is an amount of £0.6 million (year ended 31 December 2021: £1.7 million), which has been borne by a fellow Group undertaking.

The above amounts for remuneration include the following in respect of the highest paid Director:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Emoluments	1,243	1,360
Gain on exercise of share options	2,438	13,514
	3,681	14,874

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 December 2022

6. STAFF COSTS

The monthly average number of employees was:

	Year ended 31 December 2022 No.	Year ended 31 December 2021 No.
Research, development and production activities	**235**	240
Sales, general and administration	**73**	86
	308	326

Employees involved in production activities may produce material used in commercial or research and development activities.

Their aggregate remuneration comprised:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	**24,646**	25,992
Social security costs	**4,073**	4,403
Restructuring costs	**2,396**	–
Other pension costs	**2,632**	2,407
	33,747	32,802

The above amounts include £702,000 of aggregated remuneration costs that were capitalised to tangible fixed assets during the year ended 31 December 2022 (year ended 31 December 2021: £nil).

7. INTEREST RECEIVED AND PAID

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Intragroup interest received	**587**	10
Bank interest received	**2**	59
Total interest received	**589**	69
Intragroup interest paid	**2**	1,431
Fit out funding interest paid	**442**	477
Lease interest paid	**1,035**	999
Bank interest paid	**34**	–
Total interest paid	**1,513**	2,907

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 December 2022

8. TAX ON LOSS

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
UK Corporation tax		
Current tax		
UK corporation tax	–	–
Overseas corporation tax – current year	**23**	–
Overseas corporation tax – prior year	**(741)**	517
Total current tax	**(718)**	517
Deferred tax		
Origination and reversal of timing differences	–	–
Total deferred tax	–	–
Total tax (credit)/expense	**(718)**	517

Factors affecting the tax for the year

Tax for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
(Loss)/profit before tax	**(43,689)**	279,401
Tax on loss at UK Corporation tax rate of 19.0% (year ended 31 December 2021: 19.0%)	**(8,301)**	53,086
Effects of:		
Expenses not deductible for tax purposes	**18,955**	(46)
Non-taxable income and gains	**(731)**	(45,041)
Deferred tax losses not recognised	**(717)**	2,209
Overseas profits taxed at different rates	**(3)**	517
Share-based payment	**(486)**	–
Adjustments in respect of prior periods	**(741)**	–
Statutory rate change	**274**	(10,208)
Group relief surrendered	**(8,968)**	–
	(718)	517

The tax credit and trading losses to be carried forward are subject to the agreement of HM Revenue & Customs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 December 2022

8. TAX ON LOSS (CONTINUED)

Factors affecting the tax credit for the period (continued)

The standard rate of corporation tax in the United Kingdom for 2022 was 19%. During the year, legislation to increase the corporation tax rate to 25% on profits in excess of £250,000, with effect from 1 April 2023, was enacted.

The Company has an unrecognised potential deferred tax asset of approximately £44.2 million (year ened 31 December 2021 £40.1 million) including the impact of the corporation tax rate change, primarily related to deductible temporary differences carried forward at the balance sheet date. The directors consider that it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised, and therefore the deferred tax asset has not been recognised in these financial statements

9. (LOSS)/PROFIT FOR THE YEAR

(Loss)/Profit for the year is stated after charging/(crediting):	**Year ended 31 December 2022 £'000**	Year ended 31 December 2021 £'000
Research and development expenditure	**27,861**	31,799
Depreciation of tangible assets (see note 11)	**5,046**	5,194
Depreciation of right-of-use assets (see note 17)	**2,258**	2,187
Loss on disposal of tangible fixed assets	**56,067**	68
Profit on disposal of subsidiary investment	**–**	227,838
Amortisation of intangible assets (see note 10)	**1,169**	1,242
Loss on disposal of intangible fixed assets	**342**	–
Share-based payment charge (see note 4)	**6,810**	14,055
Fees payable to the Company's auditor for the audit of the Company's financial statements	**67**	61
Short-term lease rentals	**44**	20
Foreign exchange (gain)/loss	**(11,955)**	148
Staff costs (see note 6)	**33,747**	32,802

No non-audit fees were incurred for the year ended 31 December 2022 or year ended 31 December 2021.

Company policy is to pre-approve all audit, audit-related and other services performed by the auditor. All such services were pre-approved during the year ended 31 December 2022 and year ended 31 December 2021 under this policy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 December 2022

10. INTANGIBLE ASSETS

	Intangible assets under the course of construction £'000	Software £'000	Licences £'000	Total £'000
Cost				
At 1 January 2022	595	1,380	5,033	7,008
Additions	122	–	–	122
Disposals	(342)	–	–	(342)
At 31 December 2022	**375**	**1,380**	**5,033**	**6,788**
Accumulated amortisation				
At 1 January 2022	–	1,091	1,946	3,037
Charge for the period	–	169	1,000	1,169
At 31 December 2022	–	**1,260**	**2,946**	**4,206**
Net book value				
At 31 December 2022	**375**	**120**	**2,087**	**2,582**
At 1 January 2022	595	289	3,087	3,971

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 December 2022

11. TANGIBLE ASSETS

	Assets under the course of construction £'000	Buildings £'000	Plant, machinery and laboratory equipment £'000	Office and IT equipment £'000	Leasehold improvements £'000	Total £'000
Cost						
At 1 January 2022	57,288	8,106	32,185	856	22,911	121,346
Additions	3,631	–	–	17	–	3,648
Disposals	(55,735)	–	(201)	(131)	–	(56,067)
Transfer of completed assets	(1,834)	–	322	21	1,491	–
At 31 December 2022	**3,350**	8,106	**32,306**	**763**	**24,402**	**68,927**
Accumulated depreciation						
At 1 January 2022	–	576	14,769	531	11,147	27,023
Charge for the period	–	384	3,001	145	1,516	5,046
Disposals	–	–	(201)	(131)	–	(332)
At 31 December 2022	–	**960**	**17,569**	**545**	**12,663**	**31,737**
Net book value						
At 31 December 2022	**3,350**	**7,146**	**14,737**	**218**	**11,739**	**37,190**
At 1 January 2022	57,288	7,530	17,416	325	11,764	94,323

Included in additions is £0.1 million of property, plant and equipment which is unpaid and is included in trade and other payables (31 December 2021: £0.1 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 December 2022

12. FIXED ASSET INVESTMENTS

	Subsidiary Investments £'000
At 31 December 2021	–
Additions	358,549
At 31 December 2022	**358,549**

On 28 March 2022 the Company acquired the entire share capital of Jazz Financing UK Limited, a company incorporated in England and Wales, and subscribed to an additional £358.5 million of newly issued share capital in Jazz Financing UK Limited in exchange for the entirety of the Company's US Dollar-denominated non-current loan receivable due from group undertakings as disclosed in note 14.

At 31 December 2022, the Company had investments in the following subsidiary undertakings:

Company	**Country of incorporation**	**Description and proportion of shares held**	**Principal activity**
Jazz Financing UK Limited	England and Wales	100% of Ordinary	Commercial
Wing B, Building 5700, Spires House, John Smith Drive, Oxford Business Park South, Oxford, OX4 2RW			
GW UK Services Limited	England and Wales	100% of Ordinary	Commercial
Sovereign House, Vision Park, Histon Cambridgeshire, CB24 9BZ			
GWP Trustee Company Limited	England and Wales	100% of Ordinary	Dormant
Sovereign House, Vision Park, Histon Cambridgeshire, CB24 9BZ			

13. INVENTORIES

	31 December 2022 £'000	31 December 2021 £'000
Raw materials	**1,759**	2,864
Work in progress	**106,514**	94,065
Finished goods	**6,608**	4,138
Total inventories, net of provision	**114,881**	101,067

There is no material difference between the balance sheet value of inventories and their replacement cost.

The movement in the provision for inventories is as follows:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Opening balance	**2,283**	2,892
Write down of inventories	987	739
Write off of inventories in the provision	(1,855)	(1,278)
Reversal of write down of inventories	–	(70)
Closing balance	**1,415**	2,283

Write off of inventories previously provided for and reversal of write-down of inventory does not impact cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 December 2022

14. TRADE AND OTHER RECEIVABLES

	31 December 2022 £'000	31 December 2021 £'000
Amounts falling due within one year		
Amounts due from group undertakings	**54,952**	121,502
Trade receivables, net	**6,673**	4,049
Prepayments	**3,899**	3,871
Other receivables	**3,452**	3,603
Accrued income	**316**	103
	69,292	133,126
Amounts falling due after more than one year:		
Amounts due from group undertakings	–	345,466
	–	345,466

Current amounts due from group undertakings are interest free and repayable in line with contractual arrangement terms apart from balances related to intra group cash pooling on which interest is receivable. Interest rates vary based on currencies held in pooling account.

During the year ended 31 December 2022 the company sold the entirety of its US Dollar-denominated non-current intercompany loan receivable to its subsidiary Jazz Financing UK Limited as consideration for newly issued share capital in Jazz Financing UK Limited.

The allowance for expected credit losses on trade receivables relates to receivables for customer accounts for which recoverability is uncertain. The movement in the allowance during the period is as follows:

	31 December 2022 £'000	31 December 2021 £'000
Opening balance	–	254
Net movement recognised in income statement	–	(254)
Closing balance	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 December 2022

15. TRADE AND OTHER PAYABLES

	31 December 2022 £'000	31 December 2021 £'000
Amounts falling due within one year:		
Accrued expenses	**53,673**	19,649
Amounts owing to group undertakings	**29,655**	98,126
Clinical trial and associated accruals	**4,909**	3,860
Trade payables	**1,763**	5,070
Other taxes and social security	**1,334**	687
Other payables	**601**	528
Fit out funding	**561**	523
Income tax payable	**57**	797
	92,553	129,240
Amounts falling due after more than one year:		
Fit out funding	**5,405**	5,966
	5,405	5,966

Amounts owed to group undertakings are interest free and repayable in line with contractual arrangement terms apart from balances related to intra group cash pooling on which interest is payable and interest rates vary based on currencies held in pooling account.

16. PROVISIONS

	Onerous contract £'000
At 31 December 2021	–
Arising during the year	34,131
At 31 December 2022	**34,131**

The provision arising during the year is in relation to an onerous lease agreement. It is expected that the provision will be paid during 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 December 2022

17. LEASES

The Company has leases for offices, production and warehousing properties. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group discloses its right-of-use assets separately on the face of the balance sheet.

Leases of manufacturing and laboratory facilities are subject to 5-to-20-year leases. Office properties are typically subject to 1-to-10-year leases.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term.

Right-of-use assets

Additional information on the right-of-use assets by class of assets is as follows:

	Leasehold property £'000
At 1 January 2021	**12,865**
Additions	982
Modifications	3,082
Depreciation	(2,187)
At 31 December 2021	**14,742**
Modifications	1,171
Depreciation	(2,258)
At 31 December 2022	**13,655**

Lease liabilities

Lease liabilities are presented in the balance sheet as follows:

	Present Value of Lease Payments	
	31 December 2022 £'000	31 December 2021 £'000
Amounts payable under leases:		
Amounts due for settlement within 12 months	**1,911**	1,787
Amounts due for settlement after 12 months	**14,079**	14,810
	15,990	16,597

The weighted average lease term remaining is 8.4 years (31 December 2021: 9.3 years). For the year ended 31 December 2022, the average effective borrowing rate was 6.3% (year ended 31 December 2021: 6.2%). Interest rates are fixed at the contract date and all leases to date have been on a fixed repayment basis. The total cash outflow for leases during the year ended 31 December 2022 was £2.8 million (year ended 31 December 2021: £2.6 million).

The carrying value of the Company's lease obligations as at 31 December 2022 approximates to their fair value. The Company's lease liabilities are secured by the related underlying assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 December 2022

17. LEASES (CONTINUED)

The undiscounted maturity analysis of lease liabilities at recognised at 31 December is as follows:

	31 December 2022 £'000	31 December 2021 £'000
Within one year	**2,846**	2,738
One to two years	**2,838**	2,605
Two to three years	**2,506**	2,448
Three to four years	**2,454**	2,450
Four to five years	**2,313**	2,385
Greater than five years	**8,266**	9,737
Total gross payments	**21,223**	22,363
Less: future finance charges	**(5,233)**	(5,766)
Present value of lease obligations	**15,990**	16,597

18. CALLED UP SHARE CAPITAL

	31 December 2022 £'000	31 December 2021 £'000
Allotted, called up and fully paid		
1 (2021: 156,294,507) ordinary shares of 0.1 pence each	–	156

The Company has one class of ordinary shares which carry no right to fixed income.

Changes to the number of ordinary shares in issue have been as follows:

	Number of Shares	**Share Capital £'000**	**Share Premium £'000**	**Total £'000**
As at 31 December 2021	156,294,507	156	233,882	234,038
Issue of share capital	117,628,000,000	117,628	–	117,628
Reduction of share capital	(117,784,294,506)	(117,784)	(233,882)	(351,666)
As at 31 December 2022	**1**	–	–	–

During the year ended 31 December 2022 the Company completed a reduction of its issued share capital. As a result of that process, £0.2 million of Share Capital and £233.9 million of Share Premium was transferred to the Profit and Loss account

19. OTHER RESERVES

A £117.6 million capital contribution was recognised on 30 September 2021 when the Parent Company transferred its investment in the entire share capital of Greenwich Biosciences, Inc. to the Company. During the year ended 31 December 2022, the Company issued new share capital in consideration for the value of its capital contribution reserve prior to completing a reduction in share capital.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the period ended 31 December 2022

20. CAPITAL COMMITMENTS

The Company had capital commitments for property, plant and equipment contracted but not provided for at 31 December 2022 of £2.0 million (31 December 2021: £3.3 million).

Purchasing commitments contracted for but not received as of 31 December 2022 fall due as follows:

	31 December 2022 £'000	31 December 2021 £'000
Within one year	**11,394**	11,373
Between two and five years	**11,462**	12,927
Greater than five years	**1,534**	1,447
	24,390	25,747

21. ULTIMATE CONTROLLING COMPANY

The Company is a subsidiary undertaking of GW Pharmaceuticals Limited, a company incorporated in England and Wales.

The Directors regard Jazz Pharmaceuticals Plc, a company incorporated in the Republic of Ireland, as the ultimate parent Company and the controlling party.

The largest and smallest group in which the results of the Company are consolidated is that of Jazz Pharmaceuticals Plc. Copies of the consolidated financial statements may be obtained from the Company Secretary, 5th Floor, Waterloo Exchange, Waterloo Road, Dublin 4, Ireland.

22. RELATED PARTY TRANSACTIONS

As a wholly-owned subsidiary undertaking included in the consolidated financial statements of Jazz Pharmaceuticals Plc for the year ended 31 December 2022, the Company has taken advantage of the exemption available under FRS 101 from the requirements of IAS 24 *Related Party Disclosures* from disclosing transactions with other members of the group headed by Jazz Pharmaceuticals Plc.

23. SUBSEQUENT EVENTS

There have been no events or circumstances since the balance sheet date that would significantly affect the Company.