Registered number: 9329429

EUSA PHARMA (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

EUSA PHARMA (UK) LIMITED

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EUSA PHARMA (UK) LIMITED

COMPANY INFORMATION

Directors	E J Johnson D Kumar S Pescatore
Registered number	9329429
Registered office	Breakspear Park Breakspear Way Hemel Hempstead England HP2 4TZ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 40 Clarendon Road Watford WD17 1JJ

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Strategic Report of EUSA Pharma (UK) Limited and its subsidiaries (the "Group") for the year ended 31 December 2021.

Business review

2021 has seen significant sales growth in pharmaceutical products from €124,070k in 2020 to €150,046k in 2021 (see note 4) despite the continued challenges presented by the COVID-19 pandemic. Our sales and marketing teams operated a hybrid remote/face to face model, adapting to work alongside the imposed restrictions, using digital tools and content to drive virtual selling and medical engagement activities with health care professionals ("HCPs") and our customers.

Qarziba continued to show steady growth in Europe and significant growth in Emerging markets through geographical expansion and increased market penetration. Sylvant showed strong growth across all regions due to geographical expansion and increased market penetration. Fotivda continued to grow in Europe despite increased competition.

During 2021, both Qarziba and Sylvant have been approved in China. Qarziba was launched in December with the launch for Sylvant planned in the second half of 2022.

Going concern

The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the Company and Group will continue in business. The directors believe that the adoption of the going concern basis in the preparation of the financial statements is appropriate as, based on current forecasts, the Company and Group have enough funds to continue to trade and to meet their liabilities as and when they fall due for the foreseeable future and at least twelve months following the date of signing the financial statements of the Company and Group for the year ended 31 December 2021.

Performance, financial position and key performance indicators

In the year ended 31 December 2021 gross profit as a percentage of turnover for the recurring revenue excluding licencing revenue was 81% (2020: 80%). The operating profit in 2020 includes the $40,000k one-off revenue from the distribution, licence and supply agreement with Beigene Switzerland Gmbh signed in January 2020 (see note 4).

In 2021 the operating profit includes two milestone payments from Beigene being;

- $2,500k on the Regulatory Approval of Qarziba indicated for the treatment of high-risk neuroblastoma in patients aged 12 months and above, who have previously received induction chemotherapy and achieved at least a partial response, followed by myeloablative therapy and stem cell transplantation, as well as patients with history of relapsed or refractory neuroblastoma, with or without residual disease in China and;
- $5,000k on the Regulatory Approval of Sylvant (siltuximab for injection) indcated for the treatment of adult patients with multicentric Castleman disease (MCD) who are human immunodeficiency virus (HIV) negative and human herpes virus-8 (HHV-8) negative, also known as idiopathic MCD (iMCD) in China.

The 2021 operating profit also includes a milestone receipt of $3,250k for Xaracoll following successful commercialisation in the US by a third party. Selling, distribution and administrative costs decreased as a percentage of recurring turnover and represented 74% in 2021 (2020: 93%) following a restructuring in early 2021 to support a revised business strategy prioritising Qarziba and Sylvant. The Group recorded a profit for the financial year of €11,098k (2020: profit of €8,829k).

The EBITDA (earnings before interest, depreciation, amortisation and non-recurring costs) of the Group in 2021 was €34,883k (2020: €42,415k)

Average headcount for the year was 239 (2020: 230) (see note 7), with the largest increase in the administration and central functions team, which represents €666k (2020: €698k) of turnover per employee.

Performance, financial position and key performance indicators (continued)

Intangible assets net movement in the year was a decrease of €14,689k (2020: a decrease of €18,004k) mainly due to additions during the year of €910k, a reclass to prepayments of €1,049k, amortisation of €15,552k and a timing adjustment of €1,023k (see note 12). The timing differences are as a result of changes to the estimated milestone payment date. Following a meeting with the FDA in December 2021, the Group directors current intentions are to file a BLA requesting approval for Qarziba (Dinutuximab beta) in the US during early 2024, with approval, subject to a positive review, expected late 2024 which has resulted in a timing difference to intangibles of €1,023k (2020: €4,872k) Total net intangible assets at the year-end were €112,067k (2020: €126,756k).

At the end of the year stocks were €26,854k (2020: €22,568k). The increase is primarily to support the technical transfer program transferring the manufacture of products to new suppliers (see note 15).

Total assets after current liabilities and excluding amounts owing to or owed by group undertakings (being the Group's ultimate parent company EUSA Pharma (Jersey) Limited which is not included in these financial statements) was €234,628k (2020: €221,156k).

Future developments

Growth in pharmaceutical product sales is expected to continue into 2022 for Sylvant and Qarziba. Sylvant is expected to secure reimbursement in further territories across Europe and the Emerging markets, leading to increases in revenue. The US is expected to see accelerated growth as COVID-19 restrictions are eased allowing the sales force to increase face to face interaction and drive penetration. Qarziba is expected to grow through a number of new/continued launches across APAC and LATAM including China, Russia, Brazil and Australia. Fotivda is expected to decline slightly due to a more competitive market.

Corporate governance

When making decisions the board of directors of EUSA Pharma (UK) Limited, both individually and together, must act in a way they consider in good faith, would be most likely to promote the success of the Group for the benefits of its members as a whole (having regard to the stakeholders and matters set out in s172 (1) (a-f) of the Act). Throughout the year ended 31 December 2021 key areas of regard have included:

- Regular constructive dialogue with investors to communicate the Group's strategy and performance. This promotes confidence and maintains access to capital to fund acquisitions as referred to in the strategic report. This has been achieved through the provision of regular financial updates and meetings between the directors and investors;

- Fair and equitable engagement with our suppliers to deliver reliable and quality products to our customers. This allows the continued expansion of new and existing products across global markets essential to our long term goals;

- Customer engagement focused on distributing our products to more patients globally;

- Ensuring the Group's reputation for high standards is maintained, allowing continued engagement with HCP's, regulatory bodies, governments and payers which is essential in delivering for our patients and meeting our financial goals;

- Our employees are fundamental to the delivery of our company goals and we aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health and well-being of our employees is one of our primary considerations in the way we do business. During the year several initiatives have been implemented to enhance employee engagement including regular dialogue with senior management and employee satisfaction surveys;

- As the Board of Directors, our intention is to behave responsibly and to ensure management operate the business in a responsible manner and within the high standards of business conduct expected for a business such as ours: and

- Identifying and evaluating the risks and opportunities that the supply chain, technology and types of lease cars used in the business have on climate "change".

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Post balance sheet events

In December 2021 a share purchase agreement was signed to sell the company EUSA Pharma (UK) Limited to the group Recordati Industria Chimica E Farmaceutica S.p.A. ("Recordati") an international pharmaceutical group listed on the Italian Stock Exchange (ISIM IT 00038287271). On 16th March 2022 following the positive outcome of the regulatory clearance process, the transaction completed. A consideration of €707m was paid reflecting the Group's value of €750m net of financial debt of the acquired business and other adjustments. The Group will be consolidated in the Recordati group financial statements as of 31 March 2022 while the income statement will be consolidated as from 1 April 2022.

In connection with the acquisition of the Group by Recordati the directors decided to accelerate the payment of the long term cash settled incentive plans (LTIPs) and this was paid on completion of the transaction.

Research and development

During 2021, the Group decided to discontinue several clinical development projects including the Sylvant Viral ARDS Phase 3 and the Sylvant dose escalation study. The Group is developing studies in support of a Biologics License Application ("BLA") for Qarziba in the US and supporting a number of investigator initiated trials

Comparatives for 2020

The Group comparative figures in these financial statements from pages 12 to 45 have not been audited since this is the first year that EUSA Pharma (UK) Limited has prepared consolidated accounts.

Principal risks and uncertainties

The principal risks and uncertainties facing the group are maintaining growth in sales and COVID-19.

Maintaining growth in sales

The principal risks facing the Group arise from maintaining the continued growth of Qarziba and Sylvant, growing the customer base in line with expectations, or a significant decline in demand due to local or global market conditions. These risks are mitigated because the core external customers are spread across a range of private sector practitioners to public sector hospitals and health care providers. Additionally, there is the potential for business interruption due to difficulties in the distribution and supply chain. The Group manages the risks on a daily basis maintaining the highest degree of health and safety and physical security and protection. In addition there is regular communication with distributors and suppliers to identify potential problems and resolve as early as possible.

COVID-19

Whilst the business has adapted well to the challenges of COVID-19, should further outbreaks occur leading to higher infection rates and new Government imposed restrictions, some impact on the Group's growth ambitions should be expected. This would arise through reduced new Sylvant initiations for iMCD as patient identification will slow during a lockdown scenario. Qarziba and Fotivda are less sensitive to lockdowns as the sources of patient identification is less interrupted. Any revenue impact would be partially mitigated through reduced operating expenses through travel restrictions and a shift to virtual medical conferences.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Financial risks and uncertainties

The financial risks and uncertainties facing the Group are credit, FX risk and liquidity risk.

Credit risk

Credit risk is the risk that a customer goes into administration and is unable to satisfy its debt to the Group. The Group is exposed to credit risk from credit sales but it is the Group's policy to assess the credit risk of new customers before entering contracts or opening new accounts.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before standard payment and delivery terms and conditions are offered. The review includes an internal assessment of acceptable risk corroborated with external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from senior management.

FX risk

The Group operates across the world and is exposed to movements in foreign currencies affecting the Group's financial result and value of net assets. The transactions are primarily in Euro, USD and Sterling and risks are mitigated by maintaining bank balances in each currency.

Liquidity risk

The Company manages liquidity risk by holding minimum cash balances to ensure any fluctuations in the working capital or forecasts can be managed. The Company currently has cash and committed funding, for future milestones, to support it through to cash flow positivity.

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

E J Johnson
Director

Date: 27 May 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and the audited financial statements of EUSA Pharma (UK) Limited and its subsidiaries (the "Group") and EUSA Pharma (UK) Limited (the "Company") for the year ended 31 December 2021.

Principal activities

The principal activity of the Group is the sale, commercialisation and distribution of pharmaceutical products to third party customers.

Foreign branches

EUSA Pharma (UK) Limited has a branch in Portugal EUSA Pharma (UK) Limited - Sucursal em Portugal.

The Group's subsidiary undertakings are detailed in Note 14.

Results and dividends

The consolidated profit for the financial year amounted to €11,098k (2020: profit of €8,829k).

The directors do not recommend the payment of a dividend (2020: €Nil).

Employee policies and involvement

The Group has established a programme of open two-way communications through various channels, including regular department meetings, briefings and Group communication meetings to systematically provide information to employees on matters of concern to them as employees. Such meetings provide consultation for employees or their representatives on a regular basis so that the views of the employees can be taken into account in making decisions that are likely to affect their interests. The Group provides regular feedback and briefings on the performance of the Group in relation to economic factors.

It is the policy of the Group to operate no discrimination in employment or career progression on the basis of sex, race or religion. It is the policy of the Group to employ and train disabled persons whenever their ability and skills allow. If existing employees become disabled every effort is made to find them suitable work within the Group and training is provided if necessary.

Directors

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

E J Johnson
D Kumar
L S Morley (resigned 28th May 2021)
B Morton (resigned 16th March 2022)
S Pescatore (appointed 16th March 2022)
F C Thiel (appointed 4th June 2021, resigned 16 March 2022)

Qualifying third party indemnity provisions

During the financial year and to 25th March 2022 the Group maintained qualifying third-party indemnity provisions for the directors listed above. From 26th March 2022 to the date of signing the financial statements the Group has been covered by Recordati.

Going concern

An update on the going concern can be found in the Strategic Report page 2.

Future developments

An update on the Group's future developments can be found in the Strategic Report on page 3.

Post balance sheet events

An update on the Group's post balance sheet events can be found in the Strategic Report page 4.

Research and development

An update on the Group's research and development can be found in the Strategic Report page 4.

Principal risk and financial risk management

Both the principal risks and uncertainties and the financial risks and uncertainties facing the Group are outlined in the Strategic Report on page 4 and 5.

Streamlined Energy and Carbon reporting

Under the 2018 Regulations of the Companies Act the Group is required to disclose annual energy use and greenhouse gas emissions, and related information for the year 1st January 2021 to 31st December 2021. The disclosure below is restricted to EUSA Pharma (UK) Limited since all overseas affiliates including the Portuguese branch of the UK legal entity are considered out of scope. There has been a reduction in the gas and electricity consumption in 2021 due to reduced service charges for one of the UK offices and from the closure pre year end of the other UK office. This is in addition to reduced car mileage claimed by employees in 2021.

	2021	2020
Energy consumption used to calculate emissions (kWh)	**360,133**	**549,069**
- Gas	158,668	282,559
- Electricity	188,226	242,205
- Transport Fuel	13,239	24,305
Scope 1 emissions in metric tonnes CO2e		
- Gas	29,062	51,954
- Owned/fleet cars	1,833	5,621
Total Scope 1	**30,895**	**57,575**
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	**39,966**	**56,468**
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee's own vehicle	**1,424**	**405**
Total gross emissions in metric tonnes CO2e	**72,285**	**114,448**
Intensity Factor (kg CO2e per FTE)	**745**	**1,270**

• Quantification and reporting

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard to guide our reporting and have used the 2021 UK Government 's Conversion factors for Company Reporting.

• Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per FTE. This was selected due to the relationship between the types of emission generated in the UK and the correlation with the business scale of operations within the UK.

• Measures taken to improve energy efficiency

We have invested in conferencing technology and remote access to allow staff more flexibility and reduce business travel.

Directors' engagement

The directors have had regard to the need to foster the Group's business relationships with suppliers, customers and others and the effect of that regard including on the principal decisions taken by the Group during the financial year.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

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

E J Johnson
Director
Date: 27/05/2022

Independent auditors' report to the members of EUSA Pharma (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, EUSA Pharma (UK) Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's profit and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2021; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for 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 to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of EUSA Pharma (UK) Limited (continued)

Reporting on other information (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for 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.

In preparing the financial statements, the directors are responsible for assessing the Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to product safety (including but not limited to the US Food and Drug Administration regulation and 1968 Medicines Act), competition law and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

Independent auditors' report to the members of EUSA Pharma (UK) Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls),and determined that the principal risks were related to the unauthorized extraction of cash and manipulation of results to achieve performance targets through improper revenue recognition as a result of management override of controls. Audit procedures performed by the engagement team included:

- Evaluation of management's controls designed to prevent and detect irregularities;
- Discussions with the Chief Financial Officer and Finance Director, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions made by management in its significant accounting estimates;
- Testing journal entries posted with unusual account combinations and journals posted by senior management;
- Testing the reasonableness of expenses and suppliers in the context of the business and the services they provide; and
- Reviewing Board and audit committee minutes to determine if any known or suspected fraud has been identified.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Katherine Birch-Evans

Katherine Birch-Evans (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
27 May 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 €000	2020 €000
Turnover	4	**159,222**	160,562
Cost of sales		**(27,126)**	(23,903)
Gross profit		**132,096**	136,659
Distribution costs		**(4,169)**	(3,360)
Administrative expenses		**(107,353)**	(112,189)
Operating profit	5	**20,574**	21,110
Interest receivable and similar income	9	**62**	128
Interest payable and similar expenses	10	**(7,764)**	(9,505)
Profit before taxation		**12,872**	11,733
Tax on profit	11	**(1,774)**	(2,904)
Profit for the financial year		**11,098**	8,829
Other comprehensive income/(expense) for the financial year			
Exchange difference arising on translation of foreign operations		**409**	(342)
Other comprehensive income/(expense) for the financial year		**409**	(342)
Total comprehensive income for the financial year		**11,507**	8,487
Profit for the financial year attributable to:			
Owners of the parent Company		**11,098**	8,829
Total comprehensive profit for the financial year attributable to:			
Owners of the parent Company		**11,507**	8,487

The notes on pages 18 to 45 form part of these financial statements. The 2020 comparatives are unaudited.

EUSA PHARMA (UK) LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021
REGISTERED NO: 9329429

	Note		2021 €000		2020 €000
Fixed assets					
Intangible assets	12		112,067		126,756
Tangible assets	13		436		920
			112,503		127,676
Current assets					
Stocks	15	26,854		22,568	
Debtors: amounts falling due within one year	16	54,446		44,039	
Debtors: amounts falling due after more than one year	16	16,739		2,128	
Cash at bank and in hand	17	58,955		60,875	
		156,994		129,610	
Creditors: amounts falling due within one year	18	(33,406)		(35,239)	
Net current assets			123,588		94,371
Total assets less current liabilities			236,091		222,047
Creditors: amounts falling due after more than one year	19		(93,723)		(91,186)
Net assets			142,368		130,861
Capital and reserves					
Called up share capital	22		-		-
Share premium account	23		131,399		131,399
Foreign exchange reserve	23		16		(393)
Profit and loss account	23		10,953		(145)
Total shareholders' funds			142,368		130,861

The financial statements on pages 12 to 45 were approved and authorised for issue by the board and were signed on its behalf by:

E J Johnson
Director

Date: 27 May 2022

The notes on pages 18 to 45 form part of these financial statements. The 2020 comparatives are unaudited.

EUSA PHARMA (UK) LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 €000		2020 €000
Fixed assets					
Intangible assets	12		**111,980**		126,575
Tangible assets	13		**309**		681
Investments	14		**1,705**		1,632
			113,994		128,888
Current assets					
Stocks	15	**15,657**		16,070	
Debtors: amounts falling due within one year	16	**145,698**		89,755	
Debtors: amounts falling due after more than one year	16	**16,221**		1,736	
Cash at bank and in hand	17	**24,858**		41,467	
		202,434		149,028	
Creditors: amounts falling due within one year	18	**(89,797)**		(59,420)	
Net current assets			**112,637**		89,608
Total assets less current liabilities			**226,631**		218,496
Creditors: amounts falling due after more than one year	19		**(93,723)**		(91,186)
Deferred tax	21		**-**		-
Net assets			**132,908**		127,310
Capital and reserves					
Called up share capital	22		**-**		-
Share premium account	23		**131,399**		131,399
Profit and loss for the period	23		**5,598**		8,314
Profit and loss from previous periods	23		**(4,089)**		(12,403)
Total shareholders' funds			**132,908**		127,310

The financial statements on pages 12 to 45 were approved and authorised for issue by the board and were signed on its behalf by:

E J Johnson
Director

Date: 27 May 2022

The notes on pages 18 to 45 form part of these financial statements. The 2020 comparatives are unaudited.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital €000	Share premium account €000	Foreign exchange reserve €000	Profit and loss account €000	Total shareholders' funds €000
At 1 January 2020	-	131,399	(51)	(8,974)	122,374
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	8,829	8,829
Exchange difference arising on translation of foreign operations	-	-	(342)	-	(342)
Other comprehensive expense for the financial year	-	-	(342)	-	(342)
Total comprehensive income/(expense) for the financial year	-	-	(342)	8,829	8,487
At 31 December 2020 and 1 January 2021	-	131,399	(393)	(145)	130,861
Comprehensive income for the financial year					
Profit for the financial year	-	-	-	11,098	11,098
Exchange difference arising on translation of foreign operations	-	-	409	-	409
Other comprehensive income for the financial year	-	-	409	-	409
Total comprehensive income for the financial year	-	-	409	11,098	11,507
At 31 December 2020	-	131,399	16	10,953	142,368

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital €000	Share premium account €000	Profit and loss account €000	Total shareholders' funds €000
At 1 January 2020	-	131,399	(12,403)	118,996
Comprehensive income for the financial year				
Profit for the financial year	-	-	8,314	8,314
Total comprehensive income for the financial year	-	-	8,314	8,314
At 31 December 2020 and 1 January 2021	-	131,399	(4,089)	127,310
Comprehensive income for the financial year				
Profit for the financial year	-	-	5,598	5,598
Total comprehensive income for the financial year	-	-	5,598	5,598
At 31 December 2021	-	131,399	1,509	132,908

EUSA PHARMA (UK) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 €000	2020 €000
Cash flows generated from operating activities		
Profit for the financial year	11,098	8,829
Adjustments for		
Amortisation of intangible assets	15,552	15,739
Depreciation of tangible assets	606	704
Loss on disposal of tangible and intangible assets	29	231
Interest payable and similar expenses	7,764	9,505
Interest receivable and similar income	(62)	(128)
Taxation charge	1,774	2,904
Increase in stocks	(4,285)	(7,224)
Increase in debtors	(26,936)	(3,453)
(Decrease)/increase in creditors	(1,734)	6,616
Corporation tax refunded/(paid)	1,069	(2,320)
Foreign exchange	409	(342)
Interest paid	(6,250)	(135)
Interest received	62	128
Net cash flows generated from operating activities	(904)	31,054
Purchase of intangible assets	(910)	(4,501)
Purchase of tangible assets	(106)	(268)
Net cash flows used in investing activities	(1,016)	(4,769)
Cash flows used in financing activities		
Net cash flows used in financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(1,920)	26,285
Cash and cash equivalents at beginning of financial year	60,875	34,590
Cash and cash equivalents at the end of financial year	58,955	60,875
Cash and cash equivalents at the end of financial year comprise		
Cash at bank and in hand	58,955	60,875

1. General information

EUSA Pharma (UK) Limited (the "Company") and its subsidiaries (together "the Group") sell and distribute pharmaceutical products to third party customers all over the world.

The Company is a private company limited by shares and is incorporated and domiciled in United Kingdom. The address of its registered office is Breakspear Park, Breakspear Way, Hemel Hempstead, HP2 4TZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income or its own cashflow in these financial statements.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Basis of consolidation

The consolidated financial statements present the results of EUSA Pharma (UK) Limited and its subsidiaries ("the Group") as if they formed a single entity. This is the first year the Group has been consolidated. Following the Group's acquisition by the group Recordati Industria Chimica E Farmaceutica S.p.A. (see note 29 Post balance sheet events) the Company's immediate parent EUSA Pharma Holdco 2 (UK) Limited, parent company EUSA Pharma Holdco 1 (UK)Limited and the ultimate parent company EUSA Pharma (Jersey) Limited were liquidated.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control.

Intercompany transactions and balances between Group companies are therefore eliminated in full.

2.3 Going concern

The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Parent Company will continue in business. The directors believe that the adoption of the going concern basis in the preparation of the financial statements is appropriate as, based on current forecasts, the Group has enough funds to continue to trade and to meet their liabilities as and when they fall due for the foreseeable future and at least twelve months following the date of signing the financial statements of the Group and Parent Company for the year ended 31 December 2021.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Euro', which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within 'interest payable and similar charges', or 'interest receivable and similar income'. All other foreign exchange gains and losses are presented in profit or loss within 'Administrative expenses'.

Translation

The trading results of Group undertakings are translated into Euro at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

2.5 Turnover

Turnover, which excludes value added tax, discounts and volume rebates, represents the invoiced value of goods supplied to customers and licensing income. Revenue for goods is recognised on delivery of the product which is the point when all risks and rewards have passed to the customer. Rebates are accrued based on historical evidence (see Note 3 for Estimates on Sales Rebates including the GTN rebate in the US).

Licensing revenue, which can include milestones, upfront payments and royalties, are recognised when it is probable that an economic benefit will flow to the Group and the revenue can be reliably measured.

2.6 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognized as a reduction in the proceeds of the associated capital instrument then amortised through the interest line.

2.8 Borrowing costs

Borrowing costs incurred prior to utilisation are capitalized and amortised over the contract period, all other borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2. Accounting policies (continued)

2.9 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Long term cash settled incentive plans (LTIPs) have historically been accrued monthly and were based on a percentage of salary less yearly cash payments paid in instalments. Due to the share purchase agreement signed in December 2021, which trigged a board decision to accelerate the payment of the LTIP, the amount accrued in December 2021 was based on what would be paid on completion of the transaction.

Phantom shares are accrued at year end to the estimated future value of the expected cash settlement and settled in cash once all vesting conditions and exercise conditions are met. The liability for the phantom shares was based on the estimated completion schedule provided when the share purchase agreement was signed.

2.10 Current and deferred taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed. Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; and

- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense/(income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income). Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

2. Accounting policies (continued)

2.11 Intangible assets

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life, which is estimated to be 8 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Other intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profit or loss in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Intangible assets and can contain a number of milestone payments, these are reviewed annually using a discounted cashflow, management forecasts and a suitable WACC.

The useful economic lives of intangible assets are as follows :

Customer relationships	8 years
Computer software	3 years
Trademarks and license agreements	8 - 10 years

Development costs

Capitalisation of expenditure on product development commences from the point at which technical feasibility and commercial viability of the product can be demonstrated and the Group is satisfied that it is probable that the future economic benefits will result from the product once completed.

2. Accounting policies (continued)

2.11 Intangible assets (continued)

Development costs (continued)

Expenditure on research and development activities that do not meet the above criteria is charged to the Consolidated Statement of Comprehensive Income as incurred.

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

In progress technology assets acquired through business combinations and asset acquisitions which, at the time of acquisition, have not reached technical feasibility are recognised at fair value. The amounts are capitalised and are not amortised but are subject to impairment testing until completion, abandonment of the projects or when the research findings are commercialised through a revenue generating project.

2.12 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. The carrying value of fixed assets is considered when impairing indicators arise.

Depreciation is provided on all tangible fixed assets, at rates calculated to write-off the cost, less estimated residual value, of each asset over the period of its estimated useful life on a straight-line basis. The principal useful economic lives are as follows:

Computer and office equipment - 2-3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

2.13 Impairment of intangible assets and goodwill

Assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment.

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior years may no longer exist or may have decreased.

2. Accounting policies (continued)

2.14 Technical transfer costs

Technical transfer costs incurred in the transition of the manufacturing of products to new suppliers are classed as prepayments since they will deliver economic benefits when the new manufacturing process of products begin over future financial years. Costs with the new contract manufacturing organisation (CMO) typically include analytical work, process studies and documentation, equipment validation and documentation, process performance qualification (PPQ batches), stability studies and supporting laboratory services. There are also support services from the existing CMOs and regulatory variation/submission preparation and filing services and fees.

2.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Rentals payable under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Rental income is recognised on a straight line basis over the term of the lease.

2.16 Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

2.17 Stocks

Stocks are valued at the lower of cost based on a FIFO (First in First Out) method and net realisable value. Net realisable value is the price at which stock can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow-moving and defective stocks.

2.18 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.

2.19 Cash and cash equivalents

Cash at bank includes deposits held at call with banks.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2. Accounting policies (continued)

2.20 Provisions for liabilities

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the Group or Parent Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the expected amount to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

2.21 Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets include trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at an amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit orloss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or, (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Contingent obligations are measured at fair value after selecting an appropriate valuation model at date of acquisition, and consideration given to the inputs necessary for the chosen model.

2. Accounting policies (continued)

2.21 Financial instruments (continued)

i.Trade and other payables

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

ii.Interest payable and similar expenses

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in interest payable and similar expenses in the Consolidated Statement of Comprehensive Income.

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate 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.

iii.Debt instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

2.22 Creditors

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

2.23 Comparatives for 2020

The Group comparative figures in these financial statements from pages 12 to 45 have not been audited since this is the first year that EUSA Pharma (UK) Limited has prepared consolidated accounts.

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

The Group and Parent Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1 Significant judgements

Impairment of intangibles, investments and other assets

The Group and Parent Company is required to test, when there are indicators of impairment, whether an asset has suffered any impairment. Goodwill and other assets are considered for impairment where such indicators exist using value in use calculations or fair value estimates. The use of these methods similarly requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows.

Contingent consideration

The Group and Parent Company has material obligations for the future payment of milestones associated with Fotivda, Caphosol Dispersible and Qarziba (Dinutuximab beta) contracts. The estimation of fair value of the assumed contingent obligation requires the selection of an appropriate valuation model at the date of acquisition, consideration as to the inputs necessary for the valuation model chosen, the estimation of the likelihood that the regulatory milestone will be achieved and fair value of future cash flows. The estimates for the assumed contingent obligation are based on management's best estimate of the cash outflow taking place in a discounted cash flow model.

Key assessments and judgements included in the calculation of contingent consideration are:

- Development, regulatory and marketing risks associated with progressing the product to market approval in key target territories;

- Market size and product acceptance by clinicians, patients and reimbursement bodies;

- Gross and net selling price;

- Launch of competitive products; and,

- Discount rate and time of crystallisation of contingent consideration.

When there is a change in the projected cash flows, the assumed contingent obligation will be re- measured with the change in value going through the Intangible Assets. If the contingent obligation is payable in a currency other than Euro the effect of any exchange fluctuations will be recognised through the Consolidated Statement of Comprehensive Income. The assumed contingent obligation is measured at amortised cost with the discount unwinding in the Consolidated Statement of Comprehensive Income throughout the year. Actual outcomes could differ significantly from the estimates made. Periodic remeasurement is triggered by changes in updated timelines of achieving commercialisation and updated probabilities of success resulting from clinical programs. The discount percentage applied is 6.50%.

3. Judgements in applying accounting policies (continued)

3.1 Significant judgements (continued)

Deferred tax

Judgement is required when determining probable future taxable profits. The Group and Company assesses the availability of future taxable profits using the undiscounted five year forecasts for the Group's and Company's operations. Where tax losses are forecast to be recovered beyond the five-year period, the availability of taxable profits is assessed using the cash flows and long term growth rates used for the value in use calculations.

The cash flows inherent in these forecasts include the unsystematic risks of operating in the industry. Changes in the assumptions which underpin the Group's and Company's forecasts could have an impact on the amount of future taxable profits and could have a significant impact on the period over which the deferred tax asset would be recovered.

Classification and recoverability of technical transfer costs

The Group is in the process of moving the manufacturing of some of its products to new manufacturers and has classed these costs as prepayments since they will deliver economic benefits over multiple future financial years. The new processes are judged to deliver significant cost savings in the future since they will deliver a lower unit manufacturing cost over a number of years.

3.2 Significant Estimates

Estimates for Sales Rebates

Gross turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims sometime after the initial recognition of the sale. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience. The US business has the largest and most complex arrangements for rebates, discounts and allowances. Because the amounts are estimated they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying group and product sales mix. The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and other third-party analyses, market research data and internally generated information. Future events could cause the assumptions on which the accruals are based to change, which could materially affect the future results of the Group.

Provision for stock

The stock provision is calculated monthly based on stock levels, sales demands and the existing shelf life of each product. All products with a shelf-life below 6 months will be provided for in full

4. Turnover

Turnover represents amounts receivable for goods provided in the normal course of business, licensing income, net of trade discounts, rebates, VAT and other sales related taxes. All turnover relates to the Group's and parent Company's principal activity.

Analysis of Group turnover by country of destination:

	2021 €000	2020 €000
United States	**34,256**	26,202
Europe	**82,813**	78,826
Rest of the world	**42,153**	55,534
	159,222	160,562

Analysis of Group turnover by revenue stream:

	2021 €000	2020 €000
Sale of pharmaceutical products	**150,046**	124,070
Licensing revenues	**9,176**	36,492
	159,222	160,562

In January 2020 EUSA Pharma (UK) Limited signed a distribution, license and supply agreement with Beigene Switzerland GmbH for exclusive development and commercialization for the orphan biologic products SYLVANT (siltuximab) in greater China and QARZIBA (dinutuximab) in mainland China. The Company received an upfront payment of $40,000k in January 2020 and will receive payments upon achievement of regulatory and commercial milestones up to a total of $160,000k. In 2021 the Company received two such milestone payments from Beigene being $2,500k on the Regulatory Approval of Qarziba for Neuroblastoma in China and $5,000k on the Regulatory Approval of Sylvant in Multicentric Castleman Disease in China. In addition the Company received a milestone payment of $3,250k for Xaracoll following successful commercialisation in the US.

5. Operating profit

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

	2021 €000	2020 €000
Inventory recognised as an expense	**26,052**	21,554
Write down of inventory provision	**1,679**	2,352
Depreciation of tangible assets	**606**	704
Loss on disposals	**29**	231
Amortisation of intangible assets	**15,552**	15,739
R&D expenditure	**6,779**	6,149
Foreign exchange differences	**(1,900)**	4,698
Phantom share bonus	**539**	1,502
LTIP charge excluding social charges	**267**	1,027
Severance costs	**5,016**	404
Operating lease rentals	**2,247**	1,814

The movement in the inventory provision results from additional provisions made in 2020 for products nearing the end of their shelf life. The 2021 provision includes €605k on clinical trial inventory (2020: €nil).

The Phantom share bonus was paid in March 2022 €1,823k (2020: €nil)

Following the share purchase agreement signed in December 2021, the Board decided to accelerate the payment of the outstanding LTIPs in relation to scheme years 2018 to 2020. The amount accrued in December 2021 was estimated based on what would be paid on completion of the transaction. The LTIP acceleration bonus was paid in March 2022 €1,401k excluding social charges (2020: €nil)

6. Auditors' remuneration

	2021 €000	2020 €000
Fees payable to the Group's auditors for the audit of the Group's annual financial statements		
EUSA Pharma (UK) Limited	**266**	115
Fees payable to the Group's auditors in respect of:		
Taxation compliance services		
EUSA Pharma (UK) Limited	**265**	56
All other taxation advisory services		
EUSA Pharma (UK) Limited	**129**	63

7. Employees

Staff costs, including directors' remuneration, for the Group and Company were as follows:

	Group 2021 €000	Group 2020 €000	Company 2021 €000	Company 2020 €000
Wages and salaries	**42,904**	42,523	**17,751**	18,728
Social security costs	**3,892**	3,490	**1,529**	1,502
Other pension costs	**2,028**	2,169	**895**	1,310
	48,824	48,182	**20,175**	21,540

The average monthly number of employees including the directors, during the year for the Group and Company, were as follows:

	Group 2021 €000	Group 2020 €000	Company 2021 €000	Company 2020 €000
Selling and distribution	**120**	124	**30**	29
Technical	**74**	68	**34**	32
Administration and central functions	**45**	38	**37**	32
	239	230	**101**	93

8. Directors' remuneration

The directors' remuneration for Group was as follows:

	2021 €000	2020 €000
Aggregate directors' remuneration	2,984	1,633
Pension contributions	56	46
Social security and similar taxes	237	196
	3,277	1,875

The highest paid director received total remuneration of €568k (2020: €697k).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to €nil (2020: €nil). 4 directors (2020: 4) were members of a defined contribution schemes.

All the directors' remuneration was paid from the Group (2020: all remuneration was paid by the Company €1,875k).

Directors were paid €1,011k (2020: €nil) in phantom shares after yearend.

Compensation agreed for loss of office was €96k (2020: €nil) with €30k paid in 2021 and €66k after year end.

9. Interest receivable and similar income

	2021 €000	2020 €000
Interest received on staff loan	22	24
Interest received on bank account	40	104
	62	128

10. Interest payable and similar expenses

	2021 €000	2020 €000
Interest paid on borrowings (see note 19)	6,073	7,278
Amortisation of debt facility fees	650	650
Interest payable	882	1,442
Bank service fees and other finance costs	159	135
	7,764	9,505

Interest payable is the imputed interest charge on milestone payments where the estimated payment date has changed. The discount rate used is 6.5% (see note19)

11. Tax on profit

	2021 €000	2020 €000
Corporation tax		
UK corporation tax on profit for the year	**790**	397
Adjustment to tax charge in respect of prior years	**26**	-
Foreign corporation tax on profits for the year	**954**	1,156
Foreign corporation tax adjustment in respect of prior years	**(129)**	174
Total current tax	**1,641**	1,727
Deferred tax		
Origination and reversal of timing differences	**191**	1,525
Adjustment to tax charge in respect of previous years	**(24)**	(67)
Effect of changes in tax rates	**(34)**	(281)
Total deferred tax	**133**	1,177
Total tax	**1,774**	2,904

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 €000	2020 €000
Profit before taxation	**12,872**	11,733
Profit before taxation multiplied by standard rate of corporation tax of 19.00% (2020: 19.00%)	**2,446**	2,229
Effects of:		
Expenses not deductible for tax purposes	**87**	650
Income not subject to tax	**(893)**	(61)
Effects of overseas tax rates	**167**	256
Adjustments to tax charge in respect of prior years	**2**	107
Tax rate changes	**(34)**	(281)
Other	**(1)**	4
Total tax charge for the year	**1,774**	2,904

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these tax rates and reflected in these financial statements.

12. Intangible assets

Group

	Goodwill	Computer software	Trademarks and license agreements	In process technology	Total
	€000	€000	€000	€000	€000
Cost					
At 1 January 2021	6,152	623	152,415	20,582	179,772
Additions	-	66	-	844	910
Disposals	-	(79)	-	-	(79)
Timing adjustment	-	-	-	1,023	1,023
Reclass	-	-	-	(1,049)	(1,049)
At 31 December 2021	**6,152**	**610**	**152,415**	**21,400**	**180,577**
Accumulated amortisation and impairment					
At 1 January 2021	5,251	419	47,346	-	53,016
Charge for the year	405	113	15,034	-	15,552
Disposals	-	(79)	-	21	(58)
At 31 December 2021	**5,656**	**453**	**62,380**	**21**	**68,510**
Net book value					
At 31 December 2021	**496**	**157**	**90,035**	**21,379**	**112,067**
At 31 December 2020	901	204	105,069	20,582	126,756

The intangible assets were reviewed for any indicators of impairment, the only impairment indicator was COVID-19, however since the net present value of the future revenue exceeded the carrying value of the intangibles assets no detailed impairment reviews were performed.

Following consultation with the FDA and a strategic review in 2021, the Group now expects to file a BLA requesting approval for Qarziba (Dinutuximab beta) in the US during early 2024, with approval, subject to a positive review, expected at the end of 2024 which has resulted in a timing difference to intangibles of €1,023k (2020: €4,872k).

Costs incurred in 2020 in connection with a technical transfer program to transfer the manufacture of products to new suppliers was reclassed to prepayments in 2021 €1,049k (2020: €nil)

The amortisation charge for the year is included in the administration expenses in the Consolidated Statement of Comprehensive Income.

12. Intangible assets (continued)

Company

	Goodwill	Computer software	Trademarks and license agreements	In process technology	Total
	€000	€000	€000	€000	€000
Cost					
At 1 January 2021	5,926	606	152,416	20,560	179,508
Additions	-	66	-	845	911
Disposals	-	(64)	-	-	(64)
Timing adjustment	-	-	-	1,023	1,023
Reclass	-	-	-	(1,049)	(1,049)
At 31 December 2021	**5,926**	**608**	**152,416**	**21,379**	**180,329**
Accumulated amortisation and impairment					
At 1 January 2021	5,179	408	47,346	-	52,933
Charge for the year	337	109	15,034	-	15,480
Disposals	-	(64)	-	-	(64)
At 31 December 2021	**5,516**	**453**	**62,380**	**-**	**68,349**
Net book value					
At 31 December 2021	**410**	**155**	**90,036**	**21,379**	**111,980**
At 31 December 2020	747	198	105,070	20,560	126,575

The intangible assets were reviewed for any indicators of impairment, the only impairment indicator was COVID-19, however since the net present value of the future revenue exceeded the carrying value of the intangibles assets no detailed impairment reviews were performed.

Following consultation with the FDA and a strategic review in 2021, the Company now expects to file a BLA requesting approval for Qarziba (Dinutuximab beta) in the US during early 2024, with approval, subject to a positive review, expected at the end of 2024 which has resulted in a timing difference to intangibles of €1,023k (2020: €4,872k).

Costs incurred in 2020 in connection with a technical transfer program to transfer the manufacture of products to new suppliers was reclassed to prepayments in 2021 €1,049k (2020: €nil)

13. Tangible assets

Group

	Computer and office equipment
	€000
Cost	
At 1 January 2021	**2,720**
Additions	106
Disposals	(1,307)
FX	24
At 31 December 2021	**1,543**
Accumulated depreciation	
At 1 January 2021	**1,800**
Charge for the year	606
Disposals	(1,299)
At 31 December 2021	**1,107**
Net book value	
At 31 December 2021	**436**
At 31 December 2020	920

13. Tangible assets (continued)

Company

	Computer and office equipment
	€000
Cost	
At 1 January 2021	2,104
Additions	106
Disposals	(1,202)
At 31 December 2021	1,008
Accumulated depreciation	
At 1 January 2021	1,423
Charge for the year	470
Disposals	(1,194)
At 31 December 2021	699
Net book value	
At 31 December 2021	309
At 31 December 2020	681

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

14. Investments

Company

	Investments in subsidiary companies €000
Cost	
At 1 January 2021	1,632
Additions in year	73
At 31 December 2021	1,705
Net book value	
At 31 December 2020	1,632
At 31 December 2021	1,705

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
EUSA Pharma (France) SAS *	Ordinary	100%	Pharmaceutical sales
EUSA Pharma (Germany) GmbH *	Ordinary	100%	Pharmaceutical sales
EUSA Pharma (US) LLC *	Ordinary	100%	Pharmaceutical sales
EUSAPharma (Netherlands) BV *	Ordinary	100%	Pharmaceutical sales
EUSA Pharma Iberia S.L *	Ordinary	100%	Pharmaceutical sales
EUSA Pharma (Italy) S.r.l. *	Ordinary	100%	Pharmaceutical sales
EUSA Pharma, Denmark, ApS *	Ordinary	100%	Pharmaceutical sales
EUSA Pharma (Australia) Pty Ltd *	Ordinary	100%	Pharmaceutical sales
EUSA Pharma (CH) GmbH *	Ordinary	100%	Pharmaceutical sales
EUSA Pharma Korea, Ltd *	Ordinary	100%	Pharmaceutical sales
EUSA Farma Brasil – Marketing E Promocoes Ltda *	Ordinary	100%	Pharmaceutical sales

14. Investments (continued)

Name	Registered office
EUSA Pharma (France) SAS *	10 Rue Jean Marcuit, 69009 Lyon, France
EUSA Pharma (Germany) GmbH *	Elsenheimerstrasse 41, 80687 Munchen, Germany
EUSA Pharma (US) LLC *	15 Wayside Road, Suite 2, Burlington, MA 01803, United States
EUSAPharma (Netherlands) BV *	Beechavenue 54, 1119PW, Schipol-Rijk, Netherlands
EUSA Pharma Iberia S.L *	C/Severo Ochoa 3. Edifcio Monterrey, Planta 1, Oficina 7-A, 28232 Las Rozas, Madrid, Spain
EUSA Pharma (Italy) S.r.l. *	Via Leone XIII n.14, Milano, Italy
EUSA Pharma, Denmark, ApS *	C/O Crowe Horwath, Rygards Alie 104, 2900 Hellerup, Denmark
EUSA Pharma (Australia) Pty Ltd *	Unit 2, 48 Victoria Avenue, Claremount A 6010, Australia
EUSA Pharma (CH) GmbH *	C/O Curator & Horwath AG, Zweiniederlassung Zug, Industriestrasse, 6300 Zug, Switzerland
EUSA Pharma Korea, Ltd *	Yeoksam-dong, Gangnam Finance Center, Level 41, 152, Teheran-ro, Gangnam-gu, Seoul, South Korea
EUSA Farma Brasil – Marketing E Promocoes Ltda *	Avenida Presidente Wilson, 00210, Sal 049, Centro, 170640 Rio de Janeiro, Brazil

* Direct holding ^Indirect holding

All the above subsidiaries are included in the consolidation.

The directors believe that the net book value of investments is supported by their underlying assets.

15. Stocks

	Group 2021 €000	Group 2020 €000	**Company 2021 €000**	Company 2020 €000
Finished goods and goods for resale	**13,205**	11,062	**4,320**	3,803
Raw materials	**18,773**	14,746	**13,992**	14,746
Provision for obsolescence	**(5,124)**	(3,240)	**(2,655)**	(2,479)
	26,854	22,568	**15,657**	16,070

There is no significant difference between the replacement cost of the inventory and its carrying amount. The Group is holding higher levels of stock due in connection with a technical transfer program to transfer the manufacture of products to new suppliers.

The provision for obsolescence is for stock items that have an expired shelf-life or are not sellable before their expiry date according to sales forecasts.

16. Debtors

	Group 2021 €000	Group 2020 €000	Company 2021 €000	Company 2020 €000
Amounts falling due within one year				
Trade debtors	**37,971**	29,143	**17,963**	21,258
Corporation tax receivable	**1,452**	3,769	**1,118**	3,769
Amounts owed by group undertakings	**1,463**	891	**115,017**	56,032
Other debtors	**6,660**	4,684	**5,892**	3,525
Prepayments and accrued income	**6,900**	5,552	**5,708**	5,171
	54,446	44,039	**145,698**	89,755

Group trade debtors are stated after provisions for impairment of €253k (2020: €217k). Company trade debtors are stated after provisions for impairment of €227k (2020: €78k).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The amounts owed by group undertakings is with EUSA Pharma (Jersey) Limited which is the Group's ultimate parent and not consolidated in the Group accounts. This entity was liquidated on 29th March 2022 (see note 29 Post balance sheet events)

The increase in Group and Company prepayments in 2021 is for technical transfer costs where the manufacturing of products is being transferred to new suppliers.

	Group 2021 €000	Group 2020 €000	Company 2021 €000	Company 2020 €000
Amounts falling due after more than one year				
Rent security deposit	**951**	946	**541**	556
Deferred tax asset (note 21)	**249**	1,182	**141**	1,180
Prepayments and accrued income	**15,539**	-	**15,539**	-
	16,739	2,128	**16,221**	1,736

17. Cash at bank and in hand

	Group 2021 €000	Group 2020 €000	Company 2021 €000	Company 2020 €000
Cash at bank and in hand	**58,955**	60,875	**24,858**	41,467

18. Creditors: amounts falling due within one year

	Group 2021 €000	Group 2020 €000	Company 2021 €000	Company 2020 €000
Trade creditors	**4,872**	6,088	**3,422**	4,899
Corporation tax	**412**	510	**-**	-
Amounts owed to group undertakings	**-**	-	**68,669**	37,028
Other taxation and social security	**1,614**	1,191	**432**	370
Other creditors	**277**	453	**9**	234
Accruals and deferred income	**26,231**	26,997	**17,265**	16,889
	33,406	35,239	**89,797**	59,420

The increase in 2021 in the Company amounts owed to group undertaking are mainly with EUSA Pharma (Germany) GmbH and EUSA Pharma (France) SAS.

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

	Group 2021 €000	Group 2020 €000	Company 2021 €000	Company 2020 €000
Secured borrowings	**76,965**	76,314	**76,965**	76,314
Contingent Liability	**16,758**	14,872	**16,758**	14,872
	93,723	91,186	**93,723**	91,186

During 2018 the Group entered into a senior term revolving financing facility agreement with a number of Funds represented by Hayfin Services LLP with a full facility value of €125,000k. An amount of €63,000k as at 31 December 2021 (2020: €63,000k) has been drawn, and interest amounting to €14,195k (2020: €14,195k) has been capitalised to the principal. In 2020 there was an additional one-off arrangement fee of €1,050k. Facility fees of €1,280k (2020: €1,931k) have been offset from these borrowings.

Interest payable of €33k (2020: €225k) is included in accruals. The loan is repayable in full by 31 December 2023. During the year interest on the loan was charged at a variable rate EURIBOR +7.75%. Total issue costs (included in the facility fees) of €2,547k were incurred in 2018, which have been deducted from the initial carrying value and are being charged to profit or loss as part of the interest charge calculated using the effective interest rate method.

The borrowing facilities are secured by a pledge of all of the Group's issued share capital in favour of Hayfin Services LLP.

There has been no impact to the loan following the LIBOR transition.

Following the purchase of the Group by Recordati (see note 29 Post balance sheet events) the loan was repaid in full.

19. Creditors: amounts falling due after more than one year (continued)

In December 2015, the Group entered into a license agreement with Aveo Pharmaceuticals Inc. for the development and commercialisation of a pharmaceutical product, Fotivda. The agreement contains a number of conditional milestone payments which are contingent upon gaining commercial reimbursement in a number of countries and the achievement of future revenue points. Following the impairment review of Fotivda, the milestones payments were not seen as probable so have been removed.

In April 2016, the Group entered into a license agreement with Arcoral Pharma AS for the global rights to a next generation formulation of EUSA's Caphosol® product. The agreement contains a number of milestone payments which are contingent upon reaching future net revenue totals of the product. Following a review in 2021 the milestones were not seen as probable so have been removed.

In September 2016, EUSA Pharma (UK) Limited entered into a license agreement with Apeiron Biologistics AG for "the exclusive rights to manufacture, import, distribute, market, promote, supply and sell" Dinutuximab beta. The agreement contains a number of conditional milestone payments which are contingent upon successful regulatory marketing approvals being granted.

In consideration of the probable future cash flow projections, management has taken into account external experts reports on the probability of approvals being granted and recommended pricing. Obligations recognised represent the present value of the probable future cash flows to be paid under these agreements, discounted at a rate of 6.5%. The milestone payment of €16,758k (2020: €16,758k) for Dinutuximab beta is expected to be paid on 24th December 2024.

Additional amounts considered to be payable at the date of acquisition, but not yet probable are presented in note 24.

20. Financial instruments

	Group 2021 €000	Group 2020 €000	Company 2021 €000	Company 2020 €000
Financial assets				
Financial assets that are debt instruments measured at amortised cost				
Trade receivables	**37,971**	29,143	**17,963**	21,258
Other receivables	**3,510**	2,920	**3,452**	2,887
Amounts owed by group undertakings	**1,463**	891	**115,017**	56,032
	42,944	32,954	**136,432**	80,177
Financial liabilities				
Financial liabilities measured at amortised cost				
Secured borrowings	**76,965**	76,314	**76,965**	76,314
Contingent liability	**16,758**	14,871	**16,758**	14,871
Trade creditors	**4,872**	6,088	**3,422**	4,899
Amounts owed to group undertakings	**-**	-	**68,669**	37,028
Other creditors	**277**	453	**8**	234
Accruals	**26,226**	26,991	**17,260**	16,884
	125,098	124,717	**183,082**	150,230

20. Financial instruments (continued)

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise borrowings, trade creditors, other creditors, accruals and a contingent liability.

21. Deferred tax

	Group 2021 €000	Company 2021 €000
At beginning of year	1,182	1,180
Adjustment to tax charge in respect of prior years (note 11)	24	(3)
Charged to the profit or loss (note11)	(157)	(570)
At end of year	1,049	607

The deferred taxation balance is made up as follows:

	Group 2021 €000	Group 2020 €000	Company 2021 €000	Company 2020 €000
Fixed asset timing differences	120	(21)	11	(59)
Short term timing difference	929	820	596	856
Losses	-	383	-	383
	1,049	1,182	607	1,180

	Group 2021 €000	Group 2020 €000	Company 2021 €000	Company 2020 €000
Deferred tax assets (note 16)				
Recoverable within 12 months	800	59	466	59
Recoverable after 12 months (note 16)	249	1,182	141	1,180
	1,049	1,241	607	1,239
Deferred tax (liabilities)				
Payable within 12 months	-	(59)	-	(59)

The deferred tax recoverable within 12 months relates mainly to the LTIP bonus that was paid in March 2022, the deferred tax recoverable after 12 months relates mainly to a corporate interest restriction where the unused interest allowance will be reactivated in future years.

22. Called up share capital

	2021	2020
Group and Company	**€**	**€**
Shares classified as equity		
Allocated, called up and fully paid		
9 (2020: 9) Ordinary shares of €1 (2020: €1) each	**9**	9
1 (2020: 1) Ordinary shares of $1 (2020: $1) each	**1**	1
	10	10

23. Reserves

Share premium account

Represents any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Foreign exchange reserve

Gains/losses arising on retranslating the net assets of overseas operations into Euro. This is a non-distributable reserve.

Called up share capital

The nominal value of shares that have been issued.

Profit and loss account

Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Income.

24. Contingent liabilities

The Group has certain financial obligations in terms of development, licensing and product commercialisation agreements entered into with Apeiron Biologistics AG, Aveo Pharmaceuticals Inc. and Arcoral Pharma AS. These agreements contain milestone payments that are contingent upon certain future events. Amounts that are considered probable are presented in Note 19. Values for future milestones deemed improbable are not included for commercial sensitivity reasons.

The company has three guarantees for Italian tender bonds, one guarantee for an office lease and one US letter of credit in place to the value of €787k (2020: €632k) and a UK class guarantee facility worth €800k (2020: €1,500k).

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to €2,028k (2020: €2,169k) and for the Company €895k (2020: €1,310k). The amount outstanding in the Group at 31 December 2021 was €449k (2020: €312k) and in the Company €nil (2020: €114k)

26. Commitments under operating leases

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

	Group 2021 €000	Group 2020 €000	Company 2021 €000	Company 2020 €000
Not later than 1 year	1,367	1,433	396	461
Later than 1 year and not later than 5 years	2,564	3,054	1,057	1,264
Later than 5 years	77	223	-	-
	4,008	4,710	1,453	1,725

The amounts reflected above include contractually committed property leases and vehicle rentals. Future service fees are not included. The lease to the first floor in the head office is not being extended.

27. Related party transactions

Transactions with key management personnel:

During the year the directors repaid nil to the company (2020: repaid €nil) against loans held in relation to a Company share purchase scheme with EUSA Pharma (Jersey) Limited. The loan bears interest at the prevailing HMRC official rate which is presently 2.0 % (2020: 2.25%) per annum. The loan shall be repaid on demand of the Lead Investor. As at 31 December 2021 the outstanding balance including interest was €360k (2020: €352k).

Transactions with related entities:

At 31 December 2021 EUSA Pharma (UK) Limited was owed €1,463k (2020: €891k) by EUSA Pharma (Jersey) Limited in intercompany loans which are not secured and are not interest bearing. The loan is to be settled in cash.

28. Ultimate parent undertaking and controlling party

The immediate parent company is EUSA Pharma Holdco 2 (UK) Limited. The smallest and largest group to consolidate these financial statements is EUSA Pharma (UK) Limited with registered address Breakspear Park, Breakspear Way, Hemel Hempstead, HP2 4TZ. The ultimate parent company is EUSA Pharma (Jersey) Limited which is owned by a number of private funds, Essex Woodlands Funds IX, LP and Essex Topaz Co- Investment, L.P. who own 47.04% and 31.11% respectively of the issued share capital of the group. No individual or Company owns more than 20% of the share capital in either Essex Woodlands Funds IX, LP Essex Topaz Co-Investment, L.P. therefore there is no ultimate controlling party.

29. Post balance sheet events

EUSA Pharma (UK) Limited and its subsidiaries the Group was acquired by the group Recordati Industria Chimica E Farmaceutica S.p.A.("Recordati") an international pharmaceutical group listed on the Italian Stock Exchange. On 16th March 2022 following the positive outcome of the regulatory clearance process, the transaction completed. A consideration of €707m was paid reflecting the Group's value of €750m net of financial debt of the acquired business and other adjustments. The Group will be consolidated in the Recordati group financial statements as of 31 March 2022 while the income statement will be consolidated as from 1 April 2022.

As part of the acquisition by Recordati the loan with Hayfin Services LLP was repaid €78,181k on 22nd March 2022 and the Company entered into a new intercompany loan with Recordati for €53,333k which is interest bearing.

The Group's parent companies EUSA Pharma (Jersey) Limited, EUSA Pharma Holdco1 (UK) Limited and EUSA Pharma Holdco 2 (UK) Limited were liquidated on 29th March.

In connection with the acquisition of the Group by Recordati the directors decided to accelerate the payment of the long term cash settled incentive plans (LTIPs) and this as well as the phantom share bonuses were paid in the payroll after completion of the transaction.