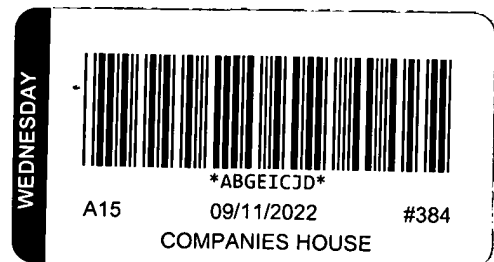


**Company Registration No. 03107561**

**GW Research Limited**

**Annual Report and Financial Statements**

**Year ended 31 December 2021**



**ANNUAL REPORT AND FINANCIAL STATEMENTS 2021**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS 2021**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Mr C Tovey  
Mr I Ward  
Mr A Campbell

**SECRETARY**

Mr I Ward

**REGISTERED OFFICE**

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

**PRINCIPAL BANKERS**

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25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**SOLICITORS**

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

**AUDITOR**

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

## **STRATEGIC REPORT**

The Directors present their Strategic Report for GW Research Limited (“GWR” or “the Company”) for the year ended 31 December 2021.

### **BUSINESS REVIEW**

GWR is developing a broad pipeline of cannabinoid prescription pharmaceutical product candidates with a focus upon orphan diseases in the fields of refractory epilepsy, neonatal hypoxia, and disorders of the central nervous system. We aim to develop and commercialise valuable medicines that address areas of high unmet patient need.

Our proprietary cannabinoid product platform consists of our:

- continually evolving library of internally generated novel cannabis plant types that produce selected cannabinoids, or chemotypes. We can reproduce the selected chemotypes through propagation of plant cuttings, or clones, in order to ensure that all subsequent plant material is genetically uniform. We can also generate seeds of selected chemotypes for large-scale production;
- in-house extraction, processing methodologies and analytical techniques, which yield well-characterised and standardised chemotype extracts;
- discovery of novel cannabinoid pharmacology through conducting in vitro and in vivo pharmacologic evaluation studies in validated disease models to determine the most promising potential therapeutic areas for each extract;
- in-house formulation and manufacturing capabilities, supplemented by third-party contractors;
- global in-house development and regulatory expertise; and
- intellectual property portfolio, which includes issued and/or pending claims directed to plants, plant extracts, extraction technology, pharmaceutical formulations, drug delivery and the therapeutic uses of cannabinoids, as well as plant variety rights, know-how and trade secrets.

During 2021 the Company has made further progress with the development of our cannabinoid product pipeline.

On 5 May 2021 the entire share capital of GW Pharmaceuticals Plc, the then Ultimate Parent Company, was acquired by Jazz Pharmaceuticals Plc, a company registered in the Republic of Ireland. From that date, Jazz Pharmaceuticals Plc became the ultimate parent of the Company.

### **KEY PERFORMANCE INDICATORS**

Turnover for the year ended 31 December 2021 was £209.0 million, compared to £254.8 million for the year ended 31 December 2020. This decrease is driven by a decrease in royalties payable to the Company for the use of the Company’s intellectual property by a fellow group company in relation to its commercial sales.

Research and development costs for the year ended 31 December 2021 were £169.2 million, compared to £144.8 million for the year ended 31 December 2020. This increase is driven by further investment in the Group’s pipeline-product R&D programmes.

The £12.8 million loss for the year ended 31 December 2021 (year ended 31 December 2020: profit of £18.8 million) reflects the decrease in the Company’s royalty turnover arising from the exploitation of the Company’s intellectual property.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

#### **Clinical**

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

#### **Regulatory**

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

## STRATEGIC REPORT (CONTINUED)

### PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

#### **Legislative**

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

#### **Orphan drug designation**

In respect of our product candidates targeting orphan indications, orphan drug exclusivity may afford limited protection, and if another party obtains orphan drug exclusivity for the drugs and indications we are targeting, we may be precluded from commercialising our product candidates in those indications during that period of exclusivity.

#### **Formulation and bioavailability, effect on commercial viability**

Our new cannabinoid formulations may not achieve the bioavailability to demonstrate efficacy in clinical trials or the cost to manufacture the high doses needed to demonstrate efficacy may prove to be too high to be commercially viable.

#### **Safety**

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

#### **Intellectual property**

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

#### **Brexit**

The United Kingdom officially left the European Union as a member state on 31 December 2020. As a result, the UK now has third country status outside of the EU. Before the end of 2020, the U.K. and the EU concluded a Trade and Cooperation Agreement ("TCA") which took effect from 1 January 2021. The terms of the TCA allow for tariff free and quota free access to the EU market for the UK so long as the UK does not diverge from EU laws. To the extent the UK does diverge from EU laws, access to EU markets may be made more restricted than it currently is.

The TCA does not allow UK institutions access to EU markets so it is possible that there will be a period of considerable uncertainty particularly in relation to United Kingdom financial and banking markets as well as in relation to the regulatory process in Europe. Jazz Pharmaceutical's distribution model in the EU, which includes a batch release hub in the Netherlands and locally established pharmacovigilance, has been designed to mitigate the impact of this on our business as much as possible.

#### **COVID-19 Pandemic**

The COVID 19 pandemic has current and potential future negative impacts on the Company and Jazz group's commercialisation efforts, clinical trial activity, research and development activities, supply chain and corporate development activities and other business operations.

### KEY STAKEHOLDERS: CONNECTING WITH OUR STAKEHOLDERS

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

#### **a) the likely consequences of any decision in the long term:**

GW Research Limited is a part of the Jazz Pharmaceuticals Group ("the Group"). Decisions made relating to the Company feed into Group strategies on how best to engage with customers and stakeholders as well as developing our product pipeline.

#### **b) the interests of the company's employees:**

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

## STRATEGIC REPORT (CONTINUED)

### KEY STAKEHOLDERS: CONNECTING WITH OUR STAKEHOLDERS (CONTINUED)

#### c) the need to foster the company's business relationships with suppliers, customers and others:

Having an effective supplier process is critical to success of the Company. There is regular engagement with suppliers, which allows discussion and the development of sustainable working partnerships. Third parties and suppliers are required to comply with the Group Code of Conduct for Business Partners, with which GW Research Limited requires suppliers, vendors, customers, agents, consultants and contractors to conform.

#### d) the impact of the company's operations on the community and the environment:

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

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

#### e) the desirability of the company maintaining a reputation for high standards of business conduct:

Jazz Pharmaceuticals Group maintains and operates a Code of Business Conduct and Ethics. This sets out the group-wide approach to ensure that our corporate values are maintained throughout our global business. This Code applies to all employees of Jazz Pharmaceuticals Group companies and all employees are required to attest compliance with the policy.

#### f) the need to act fairly as between members of the company:

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

### ENVIRONMENTAL MATTERS

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

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

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

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

	2021			2020		
	UK tCO <sub>2</sub> e	Overseas tCO <sub>2</sub> e	Total tCO <sub>2</sub> e	UK tCO <sub>2</sub> e	Overseas tCO <sub>2</sub> e	Total tCO <sub>2</sub> e
Scope 1	–	–	–	–	–	–
Scope 2	982	–	982	1,165	–	1,165
Total	982	–	982	1,165	–	1,165

The Company considers that the intensity ratio of tonnes of carbon dioxide per employee is a suitable metric for its operations, reflecting the Company's investment in its research and development activities. This was 2.2 tonnes per head average for the year ended 31 December 2021 (year ended 31 December 2020: 3.0 tonnes).

**STRATEGIC REPORT (CONTINUED)**

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

DocuSigned by:  
  
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Mr A Campbell  
Director  
25 October 2022

## **DIRECTORS' REPORT**

The Directors present their annual report on the affairs of GW Research Limited together with the financial statements and independent auditor's report for the year ended 31 December 2021.

### **PRINCIPAL ACTIVITY**

The principal activity of the Company is the research and development of a range of cannabinoid prescription medicines to meet patient needs in a wide range of medical conditions.

### **FUTURE DEVELOPMENTS**

The Company's future developments are referred to in the Strategic Report.

### **STAKEHOLDER ENGAGEMENT**

See page 3 and 4 of the Strategic Report for the Company's SI72(1) statement highlighting engagement with stakeholders.

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

#### **Credit Risk**

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

#### **Liquidity Risk**

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

#### **Exchange Rate Risk**

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

### **RESEARCH AND DEVELOPMENT ACTIVITIES**

The R&D undertaken by the Company amounted to £169.2 million (year ended 31 December 2020: £144.8 million), all of which was expensed during the year ended 31 December 2021.

### **RESULTS AND DIVIDENDS**

The audited financial statements for the year ended 31 December 2021 are set out on pages 12 to 29. The loss for the year after taxation was £12.8 million (year ended 31 December 2020: profit after taxation of £18.8 million).

The Directors do not recommend the payment of a dividend (year ended 31 December 2020: £nil).

### **DIRECTORS**

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

Mr C Tovey  
Mr I Ward  
Mr A Campbell  
Dr G W Guy (resigned 5 May 2021)

### **CHARITABLE AND POLITICAL DONATIONS**

The Company made no charitable or political donations or incurred any political expenditure during the year ended 31 December 2021 (Six months ended 31 December 2020: £nil).



## **DIRECTORS' REPORT (CONTINUED)**

### **EMPLOYEE CONSULTATION AND HUMAN RIGHTS**

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

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

### **DISABLED EMPLOYEES**

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

### **GOING CONCERN**

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

### **FUTURE DEVELOPMENTS**

Going forward, the Company will continue with the research and development of cannabinoid compounds with therapeutic value for a number of clinical indications as part its pipeline development programme.

### **DISCLOSURE OF INFORMATION TO AUDITOR**

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. KPMG were newly appointed as auditors during the year in accordance with section 485 of the Companies Act 2006 and have expressed their willingness to continue in office as auditor.

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

DocuSigned by:  
  
6025211A48F9422...

Mr A Campbell  
Director  
25 October 2022

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 101 Reduced Disclosure Framework.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GW RESEARCH LIMITED**

### **Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of GW Research Limited ('the Company') for the year ended 31 December 2021 set out on pages 12 to 29, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 Reduced Disclosure Framework.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as of 31 December 2021 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework issued by the UK's Financial Reporting Council; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

#### ***Conclusions relating to going concern***

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

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

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

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

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

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GW RESEARCH LIMITED *(continued)***

### **Detecting irregularities including fraud**

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

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

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

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

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

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

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### **Other information**

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

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GW RESEARCH LIMITED (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Respective responsibilities and restrictions on use**

#### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an auditor's report. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

Our report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Maurice McCann [Senior Statutory Auditor]**  
for and on behalf of  
**KPMG Statutory Auditor**  
1 Stokes Place  
St. Stephen's Green, Dublin 2, Ireland

**25 October 2022**

**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
<b>TURNOVER</b>	2	<b>208,985</b>	<b>254,768</b>
<b>GROSS PROFIT</b>		<b>208,985</b>	<b>254,768</b>
Other operating income	3	7,627	4,883
Research and development expenditure		(169,204)	(144,845)
General and administrative expenses		(45,802)	(93,704)
Share-based payment	4	(17,231)	(7,623)
Net foreign exchange gain/(loss)		220	(556)
Total operating expenses		(232,017)	(246,728)
<b>OPERATING (LOSS)/PROFIT</b>		<b>(15,405)</b>	<b>12,923</b>
Other income	7	4,410	6,129
Interest payable	7	(1,837)	(207)
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(12,832)</b>	<b>18,845</b>
Tax on profit/loss	8	—	—
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	9	<b>(12,832)</b>	<b>18,845</b>

All activities relate to continuing operations.

The Company has no other comprehensive income or expenses other than the (loss)/profit above, and therefore no separate Statement of Comprehensive Income has been presented.

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

**BALANCE SHEET**

As at 31 December 2021 and 2020

	Note	31 December 2021 £'000	31 December 2020 £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	4,012	2,862
Tangible assets	11	14,362	10,003
Right-of-use lease assets	14	4,872	4,573
		<b>23,246</b>	<b>17,438</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	12	71,319	104,932
Taxation recoverable		9,075	9,268
Cash and cash equivalents		2,500	8,956
		<b>82,894</b>	<b>123,156</b>
<b>CREDITORS: amounts falling due within one year</b>			
Trade and other payables	13	(90,195)	(129,489)
Leases liabilities	14	(712)	(660)
		<b>(90,907)</b>	<b>(130,149)</b>
<b>NET CURRENT LIABILITIES</b>		<b>(8,013)</b>	<b>(6,993)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>15,233</b>	<b>10,445</b>
<b>CREDITORS: amounts falling due after one year</b>			
Lease liabilities	14	(4,712)	(4,323)
		<b>(4,712)</b>	<b>(4,323)</b>
<b>NET ASSETS</b>		<b>10,521</b>	<b>6,122</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	5,604	5,604
Share premium account	15	541,925	541,925
Profit and loss account		(537,008)	(541,407)
<b>TOTAL SHAREHOLDER'S FUNDS</b>		<b>10,521</b>	<b>6,122</b>

These financial statements of GW Research Limited, registered number 03107561, were approved and authorised for issue by the Board of Directors on 25 October 2022.

Signed on behalf of the Board of Directors.

DocuSigned by:  
  
 6025211A48F9422...

Mr A Campbell  
 Director

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

**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2021**

	Note	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
<b>Balance at 31 December 2019</b>		<b>131</b>	<b>78</b>	<b>(567,875)</b>	<b>(567,666)</b>
Profit for the financial year		—	—	18,845	18,845
<b>Total comprehensive profit for the year</b>		<b>—</b>	<b>—</b>	<b>18,845</b>	<b>18,845</b>
Issue of share capital		5,473	541,847	—	547,320
Share-based payment transactions	4	—	—	7,623	7,623
<b>Balance at 31 December 2020</b>		<b>5,604</b>	<b>541,925</b>	<b>(541,407)</b>	<b>6,122</b>
Loss for the financial year		—	—	(12,832)	(12,832)
<b>Total comprehensive loss for the year</b>		<b>—</b>	<b>—</b>	<b>(12,832)</b>	<b>(12,832)</b>
Share-based payment transactions	4	—	—	17,231	17,231
<b>Balance at 31 December 2021</b>		<b>5,604</b>	<b>541,925</b>	<b>(537,008)</b>	<b>10,521</b>

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



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**1. ACCOUNTING POLICIES**

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

**Basis of accounting**

GW Research Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 5.

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

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

These financial statements are separate financial statements. Details of the ultimate parent, Jazz Pharmaceuticals Plc, in whose consolidated financial statements the Company is included are shown in note 17.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to turnover, share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Jazz Pharmaceuticals Plc. The group accounts of Jazz Pharmaceuticals Plc are available to the public and can be obtained as set out in note 17.

**Adoption of new and revised standards**

In the current year the following revised standards have been adopted in these financial statements. Adoption has not had a material impact on the amounts reported in these financial statements but may impact the accounting for future transactions.

*Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform Phase 2 (Aug 2020)*

**Going concern**

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

**Turnover****Royalties**

Royalty income for use of the Company's intellectual property is recognised on an accrual basis in accordance with the substance of the relevant agreement, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

**Other operating income*****Staff support services***

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**1. ACCOUNTING POLICIES (CONTINUED)****Research and development**

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

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

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

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

**Intangible assets**

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

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

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

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

**Tangible fixed assets**

Property, plant and equipment are stated at cost, net of accumulated depreciation and any recognised impairment loss. Depreciation is provided so as to write off the cost of assets, less their estimated residual values, over their useful lives using the straight-line method, as follows:

Plant, machinery and lab equipment	3 – 20 years
Office and IT equipment	3 – 5 years
Leasehold improvements	4 – 20 years or term of the lease if shorter

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2021**

### **1. ACCOUNTING POLICIES (CONTINUED)**

#### **Taxation**

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

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

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

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

Movements in deferred tax assets and liabilities related to share based equity instruments issued to employees of the Company may be recognised in the Statement of profit and loss and other comprehensive income or Statement of changes in Equity depending on the nature of the movement.

#### **Leases**

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

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

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

#### **Retirement benefit costs**

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Share-based payment

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

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

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

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

#### Financial instruments

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

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

#### Financial assets

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

#### Trade and other receivables

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

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

#### Cash and cash equivalents

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

#### Financial liabilities

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**1. ACCOUNTING POLICIES (CONTINUED)****Foreign currency**

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

**Critical accounting judgements and key sources of estimation uncertainty**

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

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

**2. TURNOVER**

## Turnover by class of business:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Royalty fee income	208,985	254,768
	<b>208,985</b>	<b>254,768</b>

## Geographical analysis of turnover:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
United Kingdom	208,985	254,768
	<b>208,985</b>	<b>254,768</b>

All royalties received during the year relate to the use of the Company's intellectual property by a fellow group Company. All associated turnover, profits and losses before taxation originated in the UK. All assets and liabilities are held in the UK.

**3. OTHER OPERATING INCOME**

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Staff support services	7,627	4,883
	<b>7,627</b>	<b>4,883</b>

Other operating income consists of staff recharges for activities carried out on behalf of fellow group companies. All activity was carried out wholly within the UK.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**4. SHARE-BASED PAYMENT**

Prior to the acquisition of GW Pharmaceuticals Plc, the then Parent Company, on 5 May 2021 by Jazz Pharmaceuticals, the Company participated in the GW Pharmaceuticals Group share option scheme. Subsequent to the acquisition date, the Company participated in the Jazz Pharmaceuticals Group equity scheme. The ultimate parent Company, Jazz Pharmaceuticals plc, grants equity awards from its Equity Incentive Plan which provides for the issuance of share options, restricted stock units and other equity awards.

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

The weighted average GW Pharmaceuticals Plc share price at the date of exercise for share options exercised between 1 January 2021 and 5 May 2021 was £12.89 per Ordinary share (Year ended 31 December 2020: £7.47 per Ordinary share). The weighted average Jazz Pharmaceuticals Plc share price at the date of exercise for share options exercised between 6 May 2021 and 31 December 2021 was \$136.89. The options outstanding at 31 December 2021 had an exercise price of \$0.02 (2020: £0.001 to £10.82) and a weighted average remaining contractual life of 6.23 years (2020: 7.8 years).

**5. DIRECTORS' REMUNERATION AND TRANSACTIONS**

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Emoluments	2,592	1,862
Gains on exercise of share options	21,676	2,959
	<b>24,268</b>	<b>4,821</b>

Included in emoluments above is £0.9 million relating to termination benefits (31 December 2020: £0.5 million).

Included in emoluments above is an amount of £0.9 million (year ended 31 December 2020: £1.4 million), the cost of which has been borne by fellow Group undertakings.

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Emoluments	1,360	426
Gains on exercise of share options	13,514	2,141
	<b>14,874</b>	<b>2,567</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**6. STAFF COSTS**

The monthly average number of employees was:

	Year ended 31 December 2021 No.	Year ended 31 December 2020 No.
Research and development	329	290
General and administration	116	100
	<b>445</b>	<b>390</b>

Their aggregate remuneration comprised:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	33,625	25,749
Social security costs	6,505	3,609
Other pension costs	3,584	2,188
	<b>43,714</b>	<b>31,546</b>

The above amounts include £305,000 of aggregated remuneration costs that were capitalised to tangible fixed assets during the year ended 31 December 2021 (year ended 31 December 2020: £nil).

**7. OTHER INCOME AND INTEREST PAID**

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Intragroup interest paid	1,578	—
Lease interest paid	214	123
Other interest paid	45	84
<b>Total interest expense</b>	<b>1,837</b>	<b>207</b>
UK Research and Development Expenditure Credit	4,410	6,129
<b>Total other income</b>	<b>4,410</b>	<b>6,129</b>

Other income relates to an “above the line” credit associated with the UK large company R&D tax scheme. This represents an amount which was claimable from UK tax authorities in relation to qualifying expenditure incurred in the same year.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**8. TAX ON RESULT FOR THE YEAR**

The tax for the year comprises:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
<b>Current tax</b>		
UK corporation tax	—	—
Adjustment in respect of prior year tax credit	—	—
<b>Total current tax</b>	—	—
<b>Deferred tax</b>		
Origination and reversal of timing differences	—	—
<b>Total deferred tax</b>	—	—
<b>Total tax on (loss)/profit</b>	—	—

Tax credits relate to UK research and development tax credits claimed under the Corporation Tax 2009. These are claimed under the large company RDEC scheme and are recorded as other income in the profit and loss account.

The Company recognises in full the estimated benefit for qualifying current year UK research and development expenditures and resulting tax credits. Any difference in the credit ultimately received is recorded as an adjustment in respect of the prior year.

**Factors affecting tax for the year**

The tax credit for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 December 2020 £'000	Year ended 31 December 2020 £'000
(Loss)/Profit before tax	(12,832)	18,845
Tax on (loss)/profit at UK Corporation tax rate of 19.0% (year ended 31 December 2020: 19.0%)	(2,438)	3,581
<b>Effects of:</b>		
Expenses not deductible in determining taxable profit	73	4
Impact of employee share acquisition relief	(585)	446
R&D tax credit under Large Company scheme	197	(71)
Deferred tax losses not recognised	27,977	(185)
Statutory rate change	(25,224)	—
Group relief without reimbursement	—	(3,775)
	—	—

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



**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**8. TAX ON RESULT FOR THE YEAR (CONTINUED)****Factors affecting tax for the year (continued)**

The standard rate of corporation tax in the United Kingdom for 2021 was 19%. During the year, legislation to increase the corporation tax rate to 25% on profits in excess of £250,000, with effect from 1 April 2023, was enacted.

The Company has an unrecognised potential deferred tax asset of £102.6 million including the impact of the corporation tax rate change (year ended 31 December 2020: £75.8 million), primarily related to unutilised tax losses carried forward at the balance sheet date. The Directors consider that it is not probable that taxable profit will be available against which the unutilised tax losses can be utilised, and therefore the deferred tax asset has not been recognised in these financial statements.

**9. LOSS FOR THE YEAR**

Loss for the year is stated after charging/(crediting):	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Research and development expenditure	169,204	144,845
Depreciation of tangible fixed assets	2,576	1,533
Depreciation of right-of-use lease assets	729	567
Loss on disposal of tangible fixed assets	45	—
Amortisation of intangible assets	690	626
Share-based payment charge (see note 4)	17,231	7,623
Fees payable to the Company's auditor for the audit of the Company's financial statements	61	60
Foreign exchange (gain)/loss	(220)	556
Staff costs (see note 6)	43,714	31,546

No non-audit fees were incurred for the year ended 31 December 2021 or year ended 31 December 2020.

Company policy is to pre-approve all audit, audit-related and other services performed by the auditor. All such services were pre-approved during the year ended 31 December 2021 and year ended 31 December 2020 under this policy.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**10. INTANGIBLE ASSETS**

	<b>Intangible assets under the course of construction £'000</b>	<b>Software £'000</b>	<b>Licences £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2021	1,589	2,910	101	4,600
Additions	1,758	82	–	1,840
Transfers of completed assets	(270)	222	48	–
<b>At 31 December 2021</b>	<b>3,077</b>	<b>3,214</b>	<b>149</b>	<b>6,440</b>
<b>Accumulated amortisation</b>				
At 1 January 2021	–	1,678	60	1,738
Charge for the year	–	672	18	690
<b>At 31 December 2021</b>	<b>–</b>	<b>2,350</b>	<b>78</b>	<b>2,428</b>
<b>Net book value</b>				
<b>At 31 December 2021</b>	<b>3,077</b>	<b>864</b>	<b>71</b>	<b>4,012</b>
<b>At 31 December 2020</b>	<b>1,589</b>	<b>1,232</b>	<b>41</b>	<b>2,862</b>

Included in additions are £0.4 million of other intangible assets which were unpaid at the balance sheet date and are included in trade and other payables (31 December 2020: £0.2 million).

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**11. TANGIBLE ASSETS**

	Assets under the course of construction £'000	Plant, machinery and laboratory equipment £'000	Office and IT equipment £'000	Leasehold improve- ments £'000	Total £'000
<b>Cost</b>					
At 1 January 2021	3,421	7,512	2,358	5,673	18,964
Additions	6,848	10	—	176	7,034
Transfer of completed assets	(9,359)	2,147	2,494	4,718	—
Disposals	—	—	—	(243)	(243)
<b>At 31 December 2021</b>	<b>910</b>	<b>9,669</b>	<b>4,852</b>	<b>10,324</b>	<b>25,755</b>
<b>Accumulated depreciation</b>					
At 1 January 2021	—	5,186	1,366	2,409	8,961
Charge for the year	—	913	711	952	2,576
Disposals	—	—	—	(144)	(144)
<b>At 31 December 2021</b>	<b>—</b>	<b>6,099</b>	<b>2,077</b>	<b>3,217</b>	<b>11,393</b>
<b>Net book value</b>					
<b>At 31 December 2021</b>	<b>910</b>	<b>3,570</b>	<b>2,775</b>	<b>7,107</b>	<b>14,362</b>
<b>At 31 December 2020</b>	<b>3,421</b>	<b>2,326</b>	<b>992</b>	<b>3,264</b>	<b>10,003</b>

Included in additions is £0.2 million of property, plant and equipment which is unpaid and is included in trade and other payables (31 December 2020: £1.3 million).

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**12. TRADE AND OTHER RECEIVABLES**

	31 December 2021 £'000	31 December 2020 £'000
<b>Amounts falling due within one year</b>		
Amounts due from group undertakings	61,111	96,865
Other receivables	3,803	1,751
Prepayments	6,405	6,316
	<b>71,319</b>	<b>104,932</b>

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

**13. TRADE AND OTHER PAYABLES**

	31 December 2021 £'000	31 December 2020 £'000
<b>Amounts falling due within one year:</b>		
Trade payables	6,781	5,817
Other taxes and social security	2,179	1,516
Clinical trial accruals	4,817	7,483
Other payables and accruals	16,074	12,288
Amounts owing to group undertakings	60,344	102,385
	<b>90,195</b>	<b>129,489</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**14. LEASES**

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

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

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

**Right-of-use assets**

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

	Leasehold property £'000	Plant, machinery and laboratory equipment £'000	Total £'000
<b>At 1 January 2020</b>	<b>1,998</b>	<b>972</b>	<b>2,970</b>
Additions	2,083	—	2,083
Modifications	87	—	87
Depreciation	(440)	(127)	(567)
<b>At 31 December 2020</b>	<b>3,728</b>	<b>845</b>	<b>4,573</b>
Additions	1,236	—	1,236
Modifications	(208)	—	(208)
Depreciation	(602)	(127)	(729)
<b>At 31 December 2021</b>	<b>4,154</b>	<b>718</b>	<b>4,872</b>

**Lease liabilities**

Lease liabilities are presented in the balance sheet as follows:

	Present Value of Lease Payments	
	31 December 2021 £'000	31 December 2020 £'000
Amounts payable under leases:		
Amounts due for settlement within 12 months	712	660
Amounts due for settlement after 12 months	4,712	4,323
	<b>5,424</b>	<b>4,983</b>

The weighted average lease term remaining is 7.5 years (31 December 2020: 7.4 years). For the year ended 31 December 2021, the average effective borrowing rate was 5.0% (year ended 31 December 2020: 4.7%). Interest rates are fixed at the contract date and all leases to date have been on a fixed repayment basis. The total cash outflow for leases during the year ended 31 December 2021 was £0.8 million (year ended 31 December 2020: £0.6 million).

The carrying value of the Company's lease obligations as at 31 December 2021 approximates to their fair value. The Company's lease liabilities are secured by the related underlying assets.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2021

**14. LEASES (CONTINUED)**

The undiscounted maturity analysis of lease liabilities at recognised at 31 December 2021 is as follows:

	31 December 2021 £'000	31 December 2020 £'000
Within one year	967	882
One to two years	964	886
Two to three years	927	855
Three to four years	839	744
Four to five years	839	656
Greater than five years	1,970	1,940
Total gross payments	6,506	5,963
Less: future finance charges	(1,082)	(980)
Present value of lease obligations	5,424	4,983

**15. CALLED UP SHARE CAPITAL**

	31 December 2021 £'000	31 December 2020 £'000
Allotted, called up and fully paid 5,604,054 ordinary shares of £1 each	5,604	5,604

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

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

	Number of Shares	Share Capital £'000	Share Premium £'000	Total £'000
As at 31 December 2019	130,852	131	78	209
Issue of share capital	5,473,202	5,473	541,847	547,320
As at 31 December 2020 and 2021	5,604,054	5,604	541,925	547,529

During the prior year the Company converted £547.3 million of intercompany loan liabilities owed to the parent company into equity share capital of the Company.

**16. CAPITAL COMMITMENTS**

The Company had capital commitments for property, plant and equipment contracted but not provided for at 31 December 2021 of £4.8 million (31 December 2020: £2.2 million).

**17. ULTIMATE CONTROLLING COMPANY**

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

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

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

**18. RELATED PARTY TRANSACTIONS**

As a wholly-owned subsidiary undertaking included in the consolidated financial statements of Jazz Pharmaceuticals Plc for the year ended 31 December 2021, the Company has taken advantage of the exemption available under FRS 101 from the requirements of IAS 24 *Related Party Disclosures* from disclosing transactions with other members of the group headed by Jazz Pharmaceuticals Plc.

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2021**

**19. SUBSEQUENT EVENTS**

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