



"ELPEN PHARMACEUTICAL Co. INC"

95, Marathonos Ave. 19009 Pikermi

Companies Reg. No.: 13231/04/B/86/188

G.E.MI. No.: 264601000

FINANCIAL STATEMENTS

Year 2021

1 January to 31 December 2021



Independent Auditor's Report

To the Shareholders of the company "ELPEN PHARMACEUTICAL Co. INC"

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of ELPEN PHARMACEUTICAL Co. INC (the Company), which comprise the balance sheet as at 31 December 2021, the statements of income, changes in equity and cash flows for the year then ended, and notes to the financial statements.

In our opinion, except for the effects of the matters 1 and 3 and the possible effects of the matter 2 described in the "Basis for Qualified Opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of ELPEN PHARMACEUTICAL Co. INC as at 31 December 2021, its financial performance and its cash flows for the year then ended in accordance with the requirements of the L. 4308/2014 as in force.

Basis for Qualified Opinion

As a result of our audit arose the following matters:

- 1) In "Other intangible assets" is included also an amount Euro 8.341.162,20 which concerns the net book amount of the debit difference arising from the Greek Government bonds swap amounting Euro 12.507.365,73 in order this to be partially and equally transferred to the expenses, over the years 2012-2041, that can be deducted from the taxable income. Because, according to the accounting principles provided by the Greek Accounting Standards, this item does not meet the criteria of recognition as a property asset, the net book amount of the account "Other intangible assets" and the Equity are shown increased by amount Euro 8.341.162,20.
- 2) In the account "Participating interests in subsidiaries, associates and joint ventures" is included also amount Euro 6.026.000,00 which concerns the acquisition cost of shares of a foreign company the financial statements of which are not audited by a Certified Auditor Accountant. Have not been made available to us records related to the fair value of these shares and consequently we have reservations for their proper valuation and any possible effects on the results for the present and the previous years as well as on the total Equity of the company.
- 3) In trade receivables are included also receivables overdue as well as doubtful-contested receivables totalling approximately Euro 2.050.000,00, where the calculated impairment of their value Euro 1.280.459,54 falls short of the required by approximately Euro 770.000,00 and, as a consequence, the value of the trade receivables from customers and the total value of equity are shown increased by Euro 770.000,00 and the results for the year and the previous years are shown increased by Euro 70.000,00 and 700.000,00, respectively.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as incorporated into the Greek Legislation. 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 throughout our appointment in accordance with the International Ethics

Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated into the Greek Legislation and the ethical requirements that are relevant to the audit of the financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the current legislation and the above-mentioned IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the L. 4308/2014 as in force, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as incorporated into the Greek Legislation, 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.

As part of an audit in accordance with ISAs as incorporated into the Greek Legislation, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the



auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report, according to the provisions of paragraph 5 of article 2 of L. 4336/2015 (part B'), we note that:

- a) In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of the article 150 of L. 4548/2018 and its content corresponds with the accompanying financial statements for the year ended 31.12.2021.
- b) Based on the knowledge we obtained during our audit of "ELPEN PHARMACEUTICAL Co. INC" and its environment, we have not identified any material misstatements in the Board of Directors' Report.

Athens, 28 September 2022

Konstantinos V. Makrypidis
Certified Public Accountant Auditor
Institute of CPA (SOEL) Reg. No. 53211

SOL S.A.
Member of Crowe Global
3, Fok. Negri Str., 112 57 Athens, Greece
Institute of CPA (SOEL) Reg. No. 125

BALANCE SHEET AT 31 DECEMBER 2021

ASSETS	Note	31/12/2021	31/12/2020
Non-current assets			
Tangible assets			
Land-Buildings	6.1	14.764.821,86	14.852.622,83
Mechanical equipment	6.1	11.185.368,43	6.873.775,84
Other equipment	6.1	567.158,13	447.336,12
Total		26.517.348,42	22.173.734,79
Intangible assets			
Other intangible assets	6.2	9.723.806,37	10.150.913,88
Total		9.723.806,37	10.150.913,88
Payments on account and non-current assets in course of construction	6.3	32.563.174,61	19.045.171,53
Financial assets			
Loans and receivables		44.875,35	41.020,35
Participating interests in subsidiaries, associates and joint ventures	7.1	6.079.289,39	6.079.289,39
Total		6.124.164,74	6.120.309,74
Total non-current assets		74.928.494,14	57.490.129,94
Current assets			
Inventories			
Finished and semi-finished products		5.831.565,54	5.745.752,64
Merchandise		4.899.524,89	3.437.492,81
Raw materials and consumables		12.369.480,06	10.748.619,05
Payments on account for inventories		27.294,63	2.058,40
Total		23.127.865,12	19.933.922,90
Financial assets and payments on account			
Trade receivables	7.2	38.281.343,71	34.325.289,52
Accrued income		13.835.349,19	18.220.641,02
Other receivables	7.3	7.077.496,83	7.772.326,23
Other financial assets		2.574,00	2.574,00
Prepaid expenses		163.531,98	236.249,01
Trading portfolio	7.4	32.538.811,90	21.115.000,54
Cash and cash equivalents	7.5	41.491.794,39	54.227.685,85
Total		133.390.902,00	135.899.766,17
Total current assets		156.518.767,12	155.833.689,07
Total Assets		231.447.261,26	213.323.819,01

LIABILITIES	Note	31/12/2021	31/12/2020
Equity			
Paid-up capital			
Capital	8	46.189.410,00	46.189.410,00
Total		46.189.410,00	46.189.410,00
Reserves and retained earnings			
Statutory reserve	8	8.066.696,54	6.651.606,22
Tax-free reserves	8	2.080.059,21	2.080.059,21
Retained earnings		38.396.362,00	23.374.719,25
Total		48.543.117,75	32.106.384,68
Total equity		94.732.527,75	78.295.794,68
Provisions			
Provisions for employee benefits	9	13.703.819,24	13.261.288,08
Total		13.703.819,24	13.261.288,08
Liabilities			
Current liabilities			
Trade payables	10.1.1	33.069.653,59	37.933.834,60
Income tax		4.286.482,98	5.017.199,58
Other taxes and duties		779.055,83	2.276.163,61
Social security organizations		1.492.307,17	1.527.610,01
Other payables	10.1.2	59.464.963,20	58.150.839,10
Accrued expenses		23.918.451,50	16.861.089,35
Total		123.010.914,27	121.766.736,25
Total liabilities		123.010.914,27	121.766.736,25
Total Equity, Provisions and Liabilities		231.447.261,26	213.323.819,01

STATEMENT OF INCOME by FUNCTION

	Note	31/12/2021	31/12/2020
Turnover (gross)	17	152.805.263,36	145.309.583,74
Mandatory Rebate-Clawback discounts		(43.804.582,51)	(37.971.877,29)
		109.000.680,85	107.337.706,45
Cost of sales		(35.040.888,49)	(36.369.724,80)
Gross profit		73.959.792,36	70.967.981,65
Other operating income		628.402,18	366.551,70
		74.588.194,54	71.334.533,35
Administrative expenses		(10.186.558,88)	(9.063.042,40)
Distribution costs		(29.970.803,74)	(28.557.526,80)
Research & development costs		(19.588.540,81)	(15.705.981,24)
Impairment of assets (net amount)	11	384.147,49	(778.161,58)
Gains & losses on disposal of non-current assets		14.619,99	66.993,59
Income from participating interests and investments		1.183.683,82	1.411.283,30
Other expenses and losses	11	(2.546.289,34)	(2.994.758,28)
Other income and gains	11	19.079.361,67	14.772.571,55
Earnings before interest and tax (EBIT)		32.957.814,74	30.485.911,49
Interest expense and similar charges		(52.499,57)	(52.665,25)
Profit before income tax		32.905.315,17	30.433.246,24
Income tax expense		(4.603.508,87)	(6.029.491,25)
Profit for the period net of tax		28.301.806,30	24.403.754,99

STATEMENT OF CHANGES IN EQUITY

Note	Capital	Statutory reserve	Tax-free reserves	Retained earnings	Total equity
Balance at 1/1/2020	46.189.410,00	5.407.360,71	2.080.059,21	8.765.209,77	62.442.039,69
Increase/(decrease) in the period					
Internal transfers					
Distribution to parties				(8.550.000,00)	(8.550.000,00)
Profit for the period		1.244.245,51		23.159.509,48	24.403.754,99
Total change in Equity for the period		1.244.245,51		14.609.509,48	15.853.754,99
Balance Equity at 31/12/2020	46.189.410,00	6.651.606,22	2.080.059,21	23.374.719,25	78.295.794,68
Balance at 1/1/2021	46.189.410,00	6.651.606,22	2.080.059,21	23.374.719,25	78.295.794,68
Increase/(decrease) in the period				534.926,77	534.926,77
Internal transfers					
Distribution to parties				(12.400.000,00)	(12.400.000,00)
Profit for the period		1.415.090,32		26.886.715,98	28.301.806,30
Total change in Equity for the period		1.415.090,32		15.021.642,75	16.436.733,07
Balance Equity at 31/12/2021	46.189.410,00	8.066.696,54	2.080.059,21	38.396.362,00	94.732.527,75

STATEMENT OF CASH FLOWS (Indirect Method)

	31/12/2021	31/12/2020
<u>Cash flows from operating activities</u>		
Profit before taxes	32.905.315,17	30.433.246,24
<i>Plus/Less adjustments for:</i>		
Depreciation and impairment of tangible and intangible assets	3.522.407,23	3.002.317,11
Provisions	244.902,75	654.554,92
Profit and losses from disposal of assets	(1.236.280,69)	(66.993,59)
Profit and losses from measurement of assets	(386.519,08)	777.120,55
Interest expense/income (net amount)	(1.131.184,25)	(1.358.618,05)
Operating profit before adjustments of working capital	33.918.641,13	33.441.627,18
<i>Plus/Less adjustments of working capital to net cash or related to operating activities:</i>		
Decrease/(increase) of inventories	(3.193.942,22)	(3.213.666,30)
Decrease/(increase) of receivables	1.135.928,08	(13.612.005,90)
Increase/(decrease) of payables	2.131.240,21	(10.226.038,84)
Less:		
Interest expense/income paid/received	(52.499,57)	(52.665,25)
Income tax paid	(4.697.159,89)	(3.729.841,44)
<i>Net cash flows from operating activities (a)</i>	29.242.207,74	2.607.409,45
<u>Cash flows from investing activities</u>		
Payments (proceeds) for acquisition (sale) of non-current assets	(20.946.151,44)	(16.848.769,06)
Payments (proceeds) for acquisition (sale) of financial assets	(9.815.631,58)	(4.887.207,68)
Interest received	1.183.683,82	1.411.283,30
<i>Net cash used in investing activities (b)</i>	(29.578.099,20)	(20.324.693,44)
<u>Cash flows from financing activities</u>		
Dividends paid	(12.400.000,00)	(8.550.000,00)
<i>Net cash used in financing activities (c)</i>	(12.400.000,00)	(8.550.000,00)
Net increase/(decrease) in cash and cash equivalents (a) + (b) + (c)	(12.735.891,46)	(26.267.283,99)
Cash and cash equivalents at beginning of the period	54.227.685,85	80.494.969,84
Cash and cash equivalents at end of the period	41.491.794,39	54.227.685,85

Pikermi, 8 September 2022

**THE CHAIRMAN OF THE B. OF D. &
MANAGING DIRECTOR**

**THE VICE CHAIRMAN OF
THE B. OF D. &
DEPUTY MANAGING DIRECTOR**

THE ACCOUNTING DEPT. MANAGER

**KONSTANTINOS DIM. PENTAFRAGKAS
ID. No. AE 024765**

**THEODOROS ELEFTH. TRYFON
ID No. AH 621121**

**ZANIS KON. PAPOURTZIS
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