



*Cayman Pharma, s.r.o.*

## *Annual Report for 2022*

**Cayman Pharma s.r.o.**  
**ul. Práce 657**  
**277 11 Neratovice**  
**Corporate ID: 26499258**

The Company is recorded in the Register of Companies held by the Municipal Court in Prague, File C, Insert 86011

Appendices: Auditor's Report  
Financial Statements for the Year Ended 31 December 2022  
Related Parties Report for 2022

## INTRODUCTION

This annual report outlines basic features of the Company's activities in 2022 in terms of the most significant events.

The Company was recorded in the Register of Companies on 17 December 2001 as NeraPharm, spol. s r.o., limited liability company, with its share capital amounting to CZK 200,000. In 2006, it was renamed as Cayman Pharma s.r.o. following an ownership change.

Cayman Pharma s.r.o. is a subsidiary wholly owned by Cayman Chemical Company, Incorporated, having its registered office in Ann Arbor, East Ellsworth Road 1180, 48108, Michigan, United States of America.

The Company started its operations as of 1 January 2002. The Company's principal objective is to permanently increase its market value by satisfying the needs (requirements) of its customers.

The Company seeks to be seen as a reliable, stable, and perspective partner on local and world markets of active pharmaceutical ingredients owing to the quality of its products that achieves the level of strong pharmaceutical companies by its activities and safety standards.

The production and equipment are largely of a laboratory nature, there are 120 employees working in the Company.

### ***Changes and Amendments to the Register of Companies in the Reporting Period***

None.

### ***Principal Business Activities***

Principal business activities include the production and sale of prostaglandin-based active substances, both for human use and veterinary use.

Cayman Pharma s.r.o. is one of the few global manufacturers of synthetic prostaglandin-based active substances used both in the human and veterinary treatment. Manufacturing procedures, their inspection and quality assurance adhere to the GMP principles under Act on Pharmaceuticals No. 378/2007 Coll., as amended. Compliance with those principles is inspected, audited, certified and manufacturing is authorised by the State Institute for Drug Control in Prague and the Institute for State Control of Veterinary Biologicals and Medicine in Brno.

The GMP procedures in place comply with the worldwide requirements listed in harmonised guideline ICH Q7 (Good Manufacturing Practice for Active Pharmaceutical Ingredients) applicable in the EU, USA and Japan.

**Products in the group of prostaglandins for human use:**

**1. Products related to the blood flow regulation**

<b>Alprostadil</b>	an active substance for pharmaceuticals used in human medicine in the treatment ensuring throughput of ductus arteriosus in paediatrics and in the treatment of circulatory system disorders, primarily erectile male dysfunction
<b>Epoprostenol sodium salt</b>	active substance for pharmaceuticals used in the treatment of cardiovascular diseases with a focus on pulmonary hypertension

**2. Ophthalmics used to treat glaucoma**

<b>Bimatoprost</b>	an active substance for pharmaceuticals used in ophthalmology in the treatment of increased intraocular pressure and glaucoma
<b>Latanoprost</b>	an active substance for pharmaceuticals used in ophthalmology in the treatment of increased intraocular pressure and glaucoma
<b>Travoprost</b>	an active substance for pharmaceuticals used in ophthalmology in the treatment of increased intraocular pressure and glaucoma
<b>Tafluprost</b>	an active substance for pharmaceuticals used in ophthalmology in the treatment of increased intraocular pressure and glaucoma
<b>Latanoprostene Bunod</b>	an active substance for pharmaceuticals used in ophthalmology in the treatment of increased intraocular pressure and glaucoma

**Products in the group of prostaglandins for veterinary use:**

- (±)-Cloprostenol sodium salt** an active substance used for the manufacturing of veterinary products aimed at oestrus induction and synchronisation in cattle (racemic mixture)
- (+)-Cloprostenol sodium salt** an active substance used for the manufacturing of veterinary products aimed at oestrus induction and treatment of reproductive organs of beef cattle and pigs (optically active derivative)

In addition to these principal products, the Company sells chemical specialties, reference substances and impurities of the prostaglandin synthesis process.

***Statutory Body as of 31 December 2022:***

Mr Kirk M. Maxey, M.D. – statutory executive

***The Company's Activities in 2022***

The year ended 31 December 2022 brought numerous challenges and barriers. Given the fast rise in energy prices resulting from the war in Ukraine, manufacturing costs of individual products increased. The price level of natural gas and electricity was rather turbulent during the year. It stabilised only at the end of the year when the government completed the price capping process. For these reasons, the Company introduced austerity measures which did not threaten the operations of the Company or its manufacturing capacities, and yet brought natural gas savings of around 17% as compared to the prior year consumption. The energy sources diversification process will actively continue so that the austerity measures are enhanced by a reduction in the risk of individual raw materials supply disruptions.

Unfortunately, the war in Ukraine affected the API market. The export to the Russian Federation was suspended. Logistics changes occurred in the transport to the countries affected by the conflict and uncertainty regarding the possibility of the import of raw materials from China continued. The costs of transportation to remote destinations increased and likewise certain transportation routes changed. At the same time, certain countries (India) started to introduced legislation which will have an impact on import and customs procedures and will be reflected in revised labelling of imported material. All imported APIs have to be provided with both a clear description with specified content and a QR code. It is necessary to work on the export procedure in the following year, together with the availability of information on new import conditions.

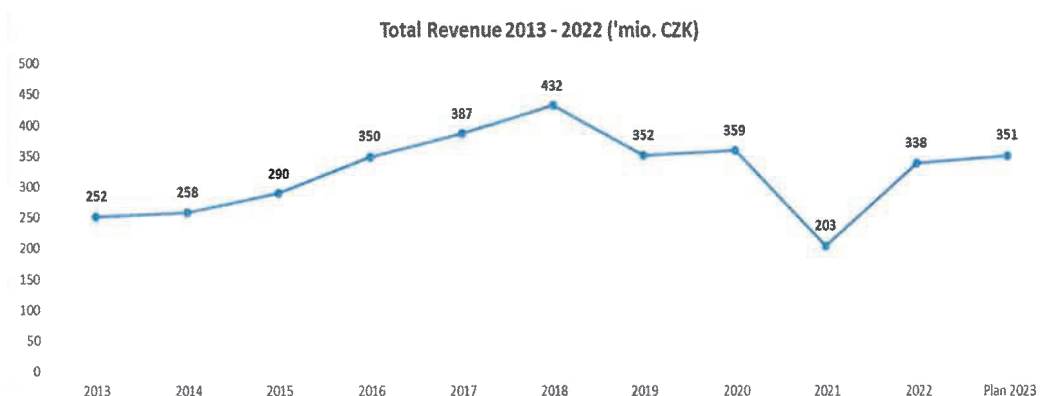
The year 2022 saw the completion of new cleanrooms for veterinary API. After the shell construction of these premises was completed at the end of 2021 and ventilation lines and insulation box were installed, it was possible to focus all efforts on qualifying, validating and putting new cleanrooms into operation. They were subsequently approved for operation during a regulatory audit.

Both the sales and profit plans were exceeded. The Company managed to retain key employees and gradually involve some of them in the Company's management. Continuous education of managers who are part of the middle management team continued.

At the initiative of our customers, the manufacturing process was evaluated in terms of industrial hygiene; the evaluation gave rise to suggestions for improvement in the employee protection in the manufacturing process. Gradually, the Company managed to process all recommendations and findings from the Environmental, Health and Safety (EHS) analysis conducted in Cayman Pharma by an external entity. Similarly, the Company was assessed as being a reliable supplier during a Technical Capability Assessment (TCA). After the development of a new product, Latanoprostene Bunod, was completed, the Company underwent a successful audit by the regulatory authority (SUKL) and the product was included in the GMP certificate, entitling the Company to manufacture and sell it. A similarly successful result was achieved in the certification ISO audit conducted by NQA.

The Company took part in the pilot project of the Chemical Industry Association focusing on benchmarking in the chemical industry in the protection of health in the manufacturing process. The Company is continuing the implementation of the project of the planning, supply, accounting and manufacturing system digitisation. Given the increasing number of cyberattacks, cyber security in the Company was reassessed by an external firm. In addition, carbon emissions arising from the manufacturing process were calculated.

The following chart shows the development in sales.



## **Manufacturing and Investment Activities**

As in prior periods, manufacturing focused on the intensification of manufacturing processes and expanding the Good Manufacturing Practice mode to cover the lower levels of manufacturing.

In 2022, the Company completed the renovation of cleanrooms for the manufacturing of veterinary API and initiated the manufacturing in the renovated premises. The renovation was aimed to provide a modernised and safe space for the manufacturing of final steps of veterinary prostaglandins. The Company was successful in completing the project within the planned timeframe in order to impact the manufacturing as little as possible while additionally managing to complete the project within the planned financial budget despite the ongoing various crises.

During 2022, part of the roof on the main building was renovated, predominantly insulation layers were renovated, and thermal insulation added.

As a consequence of the energy and geopolitical crises, we were compelled to address the risk relating to gas supplies and therefore we made an investment in the installation of an alternative heating of water for manufacturing purposes.

Increased efforts were made to review IT processes primarily in order to strengthen cyber security.

In the manufacturing digitisation project, in 2022 we reached the stage of collecting data required to prepare an implementation study.

In 2022, the waste cesspool was renovated.

## **Research and Development**

In 2022, the Research and Development Section primarily engaged in finalising development, designing a manufacturing procedure and, working together with the Manufacturing Section, validating the LATANOPROSTENE BUNOD production. It compiled all research reports for individual manufacturing stages, risk assessment, development of analytical methods and others.

Due to an expansion of the portfolio, the Company further intensively worked on syntheses of two neoprostaglandin compounds – APISM. On a continuous basis, the entire section worked on the preparation of standards for final products, intermediary products and their impurities. Pursuant to regulatory requirements, assessments of impurities profiles and potential transfer of impurities were made in cooperation with the Registrations Section. New analytical techniques were developed throughout the year.

## **Integrated Management System**

A re-certification audit of the integrated system was conducted in November 2022. Pursuant to this audit, the Company received Certificates of management system under amended ISO 9001:2015 (Quality management system), ISO 14001:2015 (Environmental management system) and ISO 45001:2018 (Occupational health and safety management system) in the scope of “Development and Manufacturing of Prostaglandins (active pharmaceutical ingredients) for Human Use and Veterinary Use,



including Relating Activities”. The recertification audit of the integrated management system (IMS) was conducted by NQA. The IMS certificates are valid until 7 December 2025.

Manufacturing procedures, their inspection and quality assurance comply with the principles of good manufacturing practice (GMP) under Act No. 378/2007 Coll., as amended, and Instructions for good manufacturing practice in the manufacture of medicinal products. Compliance with these principles is inspected, audited, certified and the manufacturing is authorised by the State Institute for Drug Control for active substances for human use and by the Institute for State Control of Veterinary Biologicals and Medicines for active substances for veterinary use. For exported products, the manufacturing process follows the harmonised guidelines, primarily ICH Q7 “Good Manufacturing Practice for Active Pharmaceutical Ingredients” and other requirements of the American Food and Drug Administration (FDA) and the European Medicine Agency (EMA).

The GMP certificate for the manufacturing of medicinal substances for human use was issued following an inspection performed by the State Institute for Drug Control (SÚKL) on 31 August 2022 and is valid through August 2025. The GMP certificate for the manufacturing of veterinary medicinal substances was issued following an inspection performed by the Institute for State Control of Veterinary Biologicals and Medicaments was issued on 8 June 2022 for an indefinite period of time. In September 2022, a surveillance audit was successfully carried out in the laboratory of the Quality Control Department for the waste water inspection by the ASLAB centre for the assessment of laboratories, and subsequently the Certificate of Proper Operations of the Laboratory was updated, valid through 31 August 2023. During 2022, ten customer audits were conducted assessing compliance with the GMP requirements. Identified inconsistencies were assessed as not being critical and were addressed by taking remedial measures. In all cases, Cayman Pharma certificated as an API supplier meeting the GMP requirements.

Basic objectives were achieved in the reporting period: The Company ensured the stability of quality parameters of standard products; manufacturing of API met the requirements of customers.

The review of the entire system indicates that the assessed processes are fully functional and all legal and other requirements relating to the quality of products, environment, work safety and fire prevention were met in 2022.

## ***Outlook for the Following Period***

### **Principal Objectives for 2023**

- **Meeting the financial plan for 2023**
- **Continuing the digitisation of internal processes**
- **Strengthening the IT robustness against cyber threats**
- **Ensuring faster and unified communication to all employees**
- **Introducing rules for electronic backups of primary data**
- **Installing safe weighing boxes**
- **Commencing internal qualifications of selected analytical tools**
- **Increasing focus on PR activities, preparation of recruitment, audit and customer presentation**
- **Optimising the manufacturing process in order to reduce manufacturing costs, and energy and time requirements**

### **Research and Development**

The priority of the Research and Development Section for 2023 is to optimise the existing manufacturing processes with an emphasis on maintaining existing quality while reducing manufacturing costs. Another significant research area is the introduction of changes in the production of di-TBS-LAKTON-L bearing in mind the environmentally friendly and economic aspects of the process. On an ongoing basis, the requirements of the Commercial and Production sections will be addressed throughout the year.

### **Integrated Management System**

The Company will continue to seek to maintain a high level of achieved quality parameters of all products while adhering to all of the rules of the Good Manufacturing Practice.

Concurrently, it will maintain the integrated management system with an emphasis on the application of all environmental protection principles and occupational health, fire prevention and readiness for emergency situations.

### **Investment Instruments**

The Company has used financial derivatives, specifically fixed term (forward) transactions, to hedge future cash flows. The fair value of financial derivatives is determined as equal to the present value of anticipated cash flows arising from these transactions. The present value is determined using the valuation obtained from Československá obchodní banka, a.s.

Changes in the fair value of derivatives at the end of the reporting period are recognised as 'Gains or losses from revaluation of assets and liabilities'.



### **Post Balance Sheet Events that are Significant for Annual Reporting Purposes**

We have considered all potential impacts of the current geopolitical and energy situation on our business activities, and we have concluded that they have no significant impact on our ability to continue as a going concern and operate as a viable entity.

**Cayman Pharma s.r.o.**

---

Auditor's report on Financial statements  
as of December 31, 2022

## **Independent auditor's report for the partner of Cayman Pharma s.r.o.**

Having its registered office at: Neratovice, ul.Práce 657, okres Mělník, PSČ 27711  
ID: 264 99 258

### Opinion

We have audited the accompanying financial statements of Cayman Pharma s.r.o. (hereinafter also the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of Cayman Pharma s.r.o. as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

### Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic 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.

### Other Information included in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. 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. In addition, we assess whether the other

ECOVIS blf s.r.o., Betlémské náměstí 351/6, Praha 1, Staré město, 110 00. IČ: 276 08 875. Provozovna: Na Veselou 962, Beroun, 266 01. Společnost je zapsána v obchodním rejstříku, vedeného Městským soudem v Praze, oddíl C, vložka 118619.

ECOVIS International, a network of independent tax advisors, accountants, auditors and lawyers, operating in Algeria, Argentina, Australia, Austria, Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Cambodia, Canada, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Egypt, El Salvador, Estonia, Finland, France, Georgia, Germany, Greece, Great Britain, Guatemala, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Republic of Korea, Latvia, Lebanon, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Morocco, Myanmar, Nepal, Netherlands, New Zealand, Norway, North Macedonia, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Romania, Saudi Arabia, Republic of Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Tajikistan, Taiwan, Thailand, Tunisia, Turkey, Ukraine, United Arab Emirates, Uruguay, USA (associated partners) and Vietnam.

ECOVIS International is a Swiss association. Each Member Firm is an independent legal entity in its own country and is only liable for its own acts or omissions, not those of any other entity. ECOVIS blf s.r.o. is a Czech Member Firm of ECOVIS International.

2023



information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

#### *Responsibilities of the Company's statutory body for the Financial Statements*

The statutory body of the company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic 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, the statutory body 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 the statutory body 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 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 the above law or regulation, we exercise professional judgment 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 the statutory body.

- Conclude on the appropriateness of the statutory bodys' 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 our 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 our 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 the statutory body 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.

Prague, 7.3.2023



**ECOVIS blf s.r.o.**  
Betlémské náměstí 351/6  
110 00 Praha 1

registration no. of the certificate 471



**Ing. Jan Stružka**  
Statutory auditor performing the audit in  
the name of the audit firm

registration no. of the certificate 2283

Financial statements as at 31.12.2022

for

**Cayman Pharma s.r.o.**


Neratovice, ul.Práce 657, okres Mělník, PSČ 27711

Date of compiling the financial statements:	7.3.2023
Legal form of the company:	Limited liability company
Area of trading:	the production of chemical substances and chemical preparations in an industrial way and the production of medicinal substances
Accounting unit category:	Medium

Signature of the statutory executive:



The financial statements contain:	Balance sheet as at 31.12.2022
	Income statement for the period ending 31.12.2022
	Statement in changes of Equity as at 31.12.2022
	Cash flow Statements for the period ending 31.12.2022
	Notes to the financial statements

ECOVIS bif s.r.o.  ECOVIS<sup>®</sup>  
Certificate no 471  
For identification purposes only




**BALANCE SHEET**  
full version

as at  
31.12.2022  
(in CZK thousand)


Cayman Pharma s.r.o.  
IČ: 26499258

Neratovice  
ul.Práce 657  
PŠČ 27711 Mělník

		31.12.2022			31.12.2021
		Brutto	Correction	Netto	Netto
	<b>TOTAL ASSETS</b>	<b>866 514</b>	<b>310 332</b>	<b>556 182</b>	<b>544 456</b>
<b>B.</b>	<b>Fixed assets</b>	<b>610 577</b>	<b>310 332</b>	<b>300 245</b>	<b>305 140</b>
<b>I.</b>	<b>Intangible fixed assets</b>	<b>54 298</b>	<b>46 268</b>	<b>8 030</b>	<b>4 711</b>
2.	Valuable rights	11 907	11 787	120	354
2.1.	Software	11 907	11 787	120	354
4.	Other intangible fixed assets	39 637	31 903	7 734	1 882
5.	Prepayments for intangible fixed assets and Intangible fixed assets under construction	2 754	2 578	176	2 475
5.2.	Intangible fixed assets under construction	2 754	2 578	176	2 475
<b>II.</b>	<b>Tangible fixed assets</b>	<b>556 279</b>	<b>264 064</b>	<b>292 215</b>	<b>300 429</b>
1.	Lands and Constructions	274 692	46 760	227 932	204 042
1.2.	Constructions	274 692	46 760	227 932	204 042
2.	Equipment	281 338	217 304	64 034	50 889
5.	Advance payments for tangible fixed assets and tangible fixed assets under construction	249		249	45 498
5.1.	Advance payments for tangible fixed assets				3 870
5.2.	Tangible fixed assets under construction	249		249	41 628
<b>C.</b>	<b>Current assets</b>	<b>254 352</b>		<b>254 352</b>	<b>237 883</b>
<b>I.</b>	<b>Inventory</b>	<b>99 670</b>		<b>99 670</b>	<b>103 760</b>
1.	Material	35 471		35 471	25 928
2.	Work in progress and semi-products	44 025		44 025	57 153
3.	Finished products	20 174		20 174	20 679
3.1.	Products	20 174		20 174	20 679
<b>II.</b>	<b>Receivables</b>	<b>54 052</b>		<b>54 052</b>	<b>57 249</b>
2.	Short-term receivables	54 052		54 052	57 249
2.1.	Trade receivables	47 861		47 861	54 303
2.4.	Short-term other receivables	6 191		6 191	2 946
2.4.3.	State - tax receivable	3 643		3 643	1 930
2.4.4.	Short-term deposits given	280		280	1 016
2.4.6.	Other receivables	2 268		2 268	
<b>IV.</b>	<b>Cash and Bankaccounts</b>	<b>100 630</b>		<b>100 630</b>	<b>76 874</b>
1.	Cash	96		96	97
2.	Bank accounts	100 534		100 534	76 777
<b>D.</b>	<b>Accruals</b>	<b>1 585</b>		<b>1 585</b>	<b>1 433</b>
1.	Deferred expenses	1 543		1 543	1 433
3.	Deferred income	42		42	

ECOVIS bif s.r.o.  ECOVIS®  
Certificate no 471  
For identification purposes only

		31.12.2022	31.12.2021
	<b>TOTAL LIABILITIES</b>	<b>556 182</b>	<b>544 456</b>
<b>A.</b>	<b>Equity</b>	<b>484 245</b>	<b>507 918</b>
<b>I.</b>	<b>Registered capital</b>	<b>200</b>	<b>200</b>
1.	Registered capital	200	200
<b>II.</b>	<b>Capital funds</b>	<b>26 837</b>	<b>25 000</b>
2.	Capital funds	26 837	25 000
2.1.	Other capital funds	25 000	25 000
2.2.	Differences from revaluation of assets and liabilities	1 837	
<b>III.</b>	<b>Retained earnings funds</b>	<b>667</b>	<b>717</b>
2.	Statutory and other funds	667	717
<b>IV.</b>	<b>Retained earnings</b>	<b>371 348</b>	<b>489 858</b>
1.	Retained earnings from previous years	371 348	489 858
<b>V.</b>	<b>Profit or loss for the current period (+ -)</b>	<b>85 193</b>	<b>-7 857</b>
<b>B.+C.</b>	<b>Liabilities</b>	<b>71 881</b>	<b>36 416</b>
<b>B.</b>	<b>Reserves</b>	<b>14 602</b>	<b>3 287</b>
4.	Other reserves	14 602	3 287
<b>C.</b>	<b>Liabilities</b>	<b>57 279</b>	<b>33 129</b>
<b>I.</b>	<b>Long-term liabilities</b>	<b>10 173</b>	<b>5 220</b>
8.	Deferred tax liability	10 173	5 220
<b>II.</b>	<b>Short-term liabilities</b>	<b>47 106</b>	<b>27 909</b>
3.	Short-term prepayments received	1 150	141
4.	Trade payables	13 255	14 801
8.	Payables - other	32 701	12 967
8.3.	Payables to employees	5 417	7 148
8.4.	Social security and health insurance payables	3 219	4 210
8.5.	State - tax payables and subsidies	23 641	1 200
8.6.	Estimated payables	414	373
8.7.	Other payables	10	36
<b>D.</b>	<b>Accruals</b>	<b>56</b>	<b>122</b>
1.	Accrued expenses	56	122

ECOVIS bfl s.r.o.  ECOVIS  
Certificate no 471  
For identification purposes only

**INCOME STATEMENT**  
structured by the nature

Cayman Pharma s.r.o.  
IČ: 26499258

year ended  
31.12.2022  
(in CZK thousand)

Neratovice  
ul.Práce 657  
PSČ 27711 Mělník

		period to 31.12.2022	period to 31.12.2021
<b>I.</b>	<b>Sales of products and services</b>	<b>338 440</b>	<b>203 090</b>
<b>A.</b>	<b>Purchased consumables and services</b>	<b>76 338</b>	<b>69 841</b>
2.	Consumed material and energy	54 228	42 772
3.	Services	22 110	27 069
<b>B.</b>	<b>Change in internally produced inventory (+/-)</b>	<b>16 387</b>	<b>4 415</b>
<b>D.</b>	<b>Staff costs</b>	<b>120 543</b>	<b>105 107</b>
1.	Payroll costs	86 725	75 664
2.	Social security and health insurance costs and other charges	33 818	29 443
2.1	Social security and health insurance costs	32 209	28 370
2.2	Other charges	1 609	1 073
<b>E.</b>	<b>Adjustments to values in operating activities</b>	<b>18 603</b>	<b>27 160</b>
1.	Adjustments to values of intangible and tangible fixed assets	21 534	24 421
1.1	Adjustments to values of intangible and tangible fixed assets - permanent	28 741	29 158
1.2	Adjustments to values of intangible and tangible fixed assets - temporary	-7 207	-4 737
2.	Adjustments to values of inventories	-2 750	2 749
3.	Adjustments to values of receivables	-181	-10
<b>III.</b>	<b>Other operating income</b>	<b>2 721</b>	<b>840</b>
2.	Sales of material	2	68
3.	Sundry operating income	2 719	772
<b>F.</b>	<b>Other operating expenses</b>	<b>5 571</b>	<b>8 394</b>
3.	Taxes and charges	2 458	3 855
4.	Reserves relating to operating activities and complex deferred expenses	-522	1 360
5.	Sundry operating expenses	3 635	3 179
*	<b>Operating profit or loss (+/-)</b>	<b>103 719</b>	<b>-10 987</b>
<b>VI.</b>	<b>Interest income and similar income</b>	<b>582</b>	
2.	Other interest income and similar income	582	
<b>VII.</b>	<b>Other financial income</b>	<b>13 488</b>	<b>8 343</b>
<b>K.</b>	<b>Other financial expenses</b>	<b>11 150</b>	<b>6 880</b>
*	<b>Financial profit or loss (+/-)</b>	<b>2 920</b>	<b>1 463</b>
**	<b>Profit or loss before tax (+/-)</b>	<b>106 639</b>	<b>-9 524</b>
<b>L.</b>	<b>Income tax</b>	<b>21 446</b>	<b>-1 667</b>
1.	Due income tax	16 923	40
2.	Deferred income tax (+/-)	4 523	-1 707
**	<b>Profit or loss net of tax (+/-)</b>	<b>85 193</b>	<b>-7 857</b>
***	<b>Profit or loss for the current period (+/-)</b>	<b>85 193</b>	<b>-7 857</b>
*	<b>Net turnover for the current period</b>	<b>355 231</b>	<b>212 273</b>

**STATEMENT OF  
CHANGES IN EQUITY**

as of  
31.12.2022  
(in CZK thousand)

**Cayman Pharma s.r.o.**  
IČ: 26499258

Neratovice  
ul. Práce 657  
PSČ 27711 Mělník

	Share capital	Capital funds	Retained earnings funds	Accumulated profits brought forward	Other profit/loss from previous years	Profit or loss for the current period (+ -)	Advance payment for Dividends	TOTAL EQUITY
<b>Balance at 31 December 2020</b>	200	26 227	757	410 562		112 254		550 000
Allocation of profit				79 294		-79 294		
Change in share capital								
Dividends paid						-32 960		-32 960
Advance payment for Dividends								
Payments from capital funds			-40					-40
Profit or loss for the current period						-7 857		-7 857
Other		-1 227		2				-1 225
<b>Balance at 31 December 2021</b>	200	25 000	717	489 858		-7 857		507 918
Allocation of profit				-7 857		7 857		
Change in share capital								
Dividends paid								
Advance payment for Dividends				-110 653				-110 653
Payments from capital funds			-50					-50
Profit or loss for the current period						85 193		85 193
Other		1 837						1 837
<b>Balance at 31 December 2022</b>	200	26 837	667	371 348		85 193		484 245

**CASH FLOW STATEMENT**

year ended  
31.12.2022  
(In CZK thousand)

**Cayman Pharma s.r.o.**  
IČ: 26499258

Neratovice  
ul.Práce 657  
PSČ 27711 Mělník

		period to 31.12.2022	period to 31.12.2021
<b>P.</b>	<b>Cash and cash equivalents at the beginning of the accounting period</b>	<b>76 874</b>	<b>182 682</b>
	<b>Cash flows from ordinary activities</b>		
Z.	Profit/(loss) from ordinary activities before tax	106 639	-9 524
A.1.	Adjustments for non-cash transactions	29 336	14 138
A.1.1.	Depreciation of fixed assets(+) excluding book value of fixed assets sold, amortization of goodwill	28 741	29 158
A.1.2.	Change in provisions and reserves	1 177	-15 020
A.1.3.	Profit/(loss) on the sale of fixed assets (-/+)		
A.1.4.	Revenues from dividends and profit shares (-)		
A.1.5.	Interest expense (+) excluding capitalized interest and interest income (-)	-582	
A.1.6.	Adjustments, if any, and other non-cash transactions		
<b>A.*</b>	<b>Net cash flow from operating activities before tax, movements in working capital and extraordinary items</b>	<b>135 975</b>	<b>4 614</b>
A.2.	Change in non-cash component of working capital	12 704	-11 028
A.2.1.	Change in receivables from operating activities(+/-), deferred expenses, accrued income and estimated assets	3 226	-26 995
A.2.2.	Change in short-term payables from operating activities (+/-), accrued expenses, deferred income and estimated liabilities	2 638	5 824
A.2.3.	Change in inventory (+/-)	6 840	10 143
A.2.4.	Change in current financial assets not included in cash and cash equivalents		
<b>A.**</b>	<b>Net cash flow from operating activities before tax and extraordinary items</b>	<b>148 679</b>	<b>-6 414</b>
A.3.	Interest paid (-), except interest capitalized		
A.4.	Interest received (+)	582	
A.5.	Income tax paid from operating activities, additional tax paid for previous periods (-)		-7 348
A.7.	Dividends received (+)		
<b>A.***</b>	<b>Net cash flow from operating activities</b>	<b>149 261</b>	<b>-13 762</b>
	<b>Cash flows from investing activities</b>		
B.1.	Fixed assets expenditures (-)	-14 802	-59 046
B.2.	Receipts from fixed assets sold (+)		
B.3.	Loans provided to related parties (-/+)		
<b>B.***</b>	<b>Net cash flow from investing activities</b>	<b>-14 802</b>	<b>-59 046</b>
	<b>Cash flow from financial activities</b>		
C.1.	Change in long-term or short-term payables which fall into cash and cash equivalent in financing activities (eg, certain operating loans)		
C.2.	Impact on cash and cash equivalents due to change in equity	-110 703	-33 000
C.2.1.	Increase in cash and cash equivalents due to a change in share capital, share premium, reserve fund, including prepayments made for this increase (+)		
C.2.2.	Capital payments to partners and shareholders (+)		
C.2.3.	Other cash contributions made by partners and shareholders (+)		
C.2.4.	Settlement of loss by partners (+)		
C.2.5.	Payments made from funds (-)	-50	-40
C.2.6.	Dividends and profit shares paid, including withholding tax related to these claims and including financial clearance with partners (-)	-110 653	-32 960
<b>C.***</b>	<b>Net cash flow from financial activities</b>	<b>-110 703</b>	<b>-33 000</b>
<b>F.</b>	<b>Net increase or decrease of cash and cash equivalents</b>	<b>23 756</b>	<b>-105 808</b>
<b>R.</b>	<b>Cash and cash equivalents at the end of the accounting period</b>	<b>100 630</b>	<b>76 874</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2022**

**Name of the Company: Cayman Pharma s.r.o.**

**Registered Office: ul. Práce 657, 277 11 Neratovice**

**Legal Status: Limited Liability Company**

**Corporate ID: 26499258**



## TABLE OF CONTENTS

<b>1.</b>	<b>GENERAL INFORMATION .....</b>	<b>3</b>
1.1.	INCORPORATION AND DESCRIPTION OF THE BUSINESS.....	3
1.2.	YEAR-ON-YEAR CHANGES AND AMENDMENTS TO THE REGISTER OF COMPANIES .....	3
1.3.	THE COMPANY'S ORGANISATIONAL STRUCTURE .....	4
1.4.	STATUTORY BODY .....	4
<b>2.</b>	<b>BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES .....</b>	<b>5</b>
2.1.	METHODS OF VALUATION, DEPRECIATION AND PROVISIONING.....	5
2.1.1.	<i>Tangible and Intangible Fixed Assets, Low Value Tangible and Intangible Assets .....</i>	<i>5</i>
2.1.2.	<i>Inventory.....</i>	<i>7</i>
2.1.3.	<i>Receivables.....</i>	<i>7</i>
2.2.	LOANS .....	8
2.3.	RESERVES .....	8
2.4.	FOREIGN CURRENCY TRANSLATION .....	8
2.5.	TAXATION.....	8
2.6.	YEAR-ON-YEAR CHANGES IN VALUATION, DEPRECIATION OR ACCOUNTING POLICIES .....	8
2.7.	OTHER MATTERS .....	9
<b>3.</b>	<b>ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT .....</b>	<b>10</b>
3.1.	RECEIVABLES FROM SUBSCRIBED EQUITY .....	10
3.2.	FIXED ASSETS .....	10
3.2.1.	<i>Intangible Fixed Assets.....</i>	<i>10</i>
3.2.2.	<i>Tangible Fixed Assets.....</i>	<i>11</i>
3.3.	INVENTORY .....	12
3.4.	RECEIVABLES .....	13
3.4.1.	<i>Long-term and Short-term Receivables.....</i>	<i>13</i>
3.4.2.	<i>Aging of Trade Receivables.....</i>	<i>13</i>
3.4.3.	<i>Intercompany Trade Receivables .....</i>	<i>13</i>
3.5.	CASH.....	13
3.6.	DEFERRED EXPENSES.....	14
3.7.	EQUITY .....	14
3.8.	RESERVES .....	14
3.8.1.	<i>Long-term and Short-term Payables.....</i>	<i>14</i>
3.8.2.	<i>Aging of Trade Payables .....</i>	<i>15</i>
3.8.3.	<i>Intercompany Payables .....</i>	<i>15</i>
3.8.4.	<i>Social Security Payables and Contributions to the State Employment Policy. Due Payables from Public Health Insurance and Recorded Tax Arrears to Local Tax Authorities. ....</i>	<i>15</i>
3.9.	BANK LOANS .....	15
3.10.	ACCRUED EXPENSES AND ESTIMATED PAYABLES .....	15
3.11.	INCOME FROM ORDINARY ACTIVITIES BY PRINCIPAL ACTIVITIES .....	16
3.12.	TOTAL RESEARCH AND DEVELOPMENT COSTS .....	16
<b>4.</b>	<b>EMPLOYEES, MANAGEMENT AND STATUTORY BODIES .....</b>	<b>18</b>
4.1.	STAFF COSTS AND NUMBER OF EMPLOYEES .....	18
4.2.	LOANS, BORROWINGS, AND OTHER BENEFITS PROVIDED.....	18
<b>5.</b>	<b>CONTINGENT LIABILITIES AND OFF BALANCE SHEET COMMITMENTS .....</b>	<b>19</b>
<b>6.</b>	<b>POST BALANCE SHEET EVENTS.....</b>	<b>20</b>

## 1. GENERAL INFORMATION

### 1.1. Incorporation and Description of the Business

Cayman Pharma spol. s r.o. (hereinafter the “Company”) was formed by a Deed of Association as a limited liability company and was incorporated following its registration in the Register of Companies held by the Municipal Court in Prague, File C, Insert 86011, on 17 December 2001.

The Company’s share capital amounts to CZK 200,000.

The principal activities of the Company involve the manufacturing of active pharmaceutical ingredients and veterinary medicinal products which generate 95% of the Company’s revenues.

Other activities include:

- Manufacturing of chemical substances and chemical products in an industrial manner;
- Manufacturing and import of chemical substances and chemical products classified as explosive, oxidising, extremely flammable, highly flammable, highly toxic, toxic, carcinogenic, mutagenic, toxic for reproduction, dangerous to the environment and sale of chemical substances and chemical products classified as highly toxic and toxic;
- Manufacturing and import of chemical substances and chemical products, classified as flammable, harmful to health, caustic, irritant, sensitising;
- Wholesale;
- Mediation of services;
- Activities of technical advisors in chemistry;
- Testing, measurements, and analyses; and
- Research and development in chemical substances and chemical products.

The following table shows individuals and legal entities with an equity interest greater than 20 percent and the amount of their equity interest:

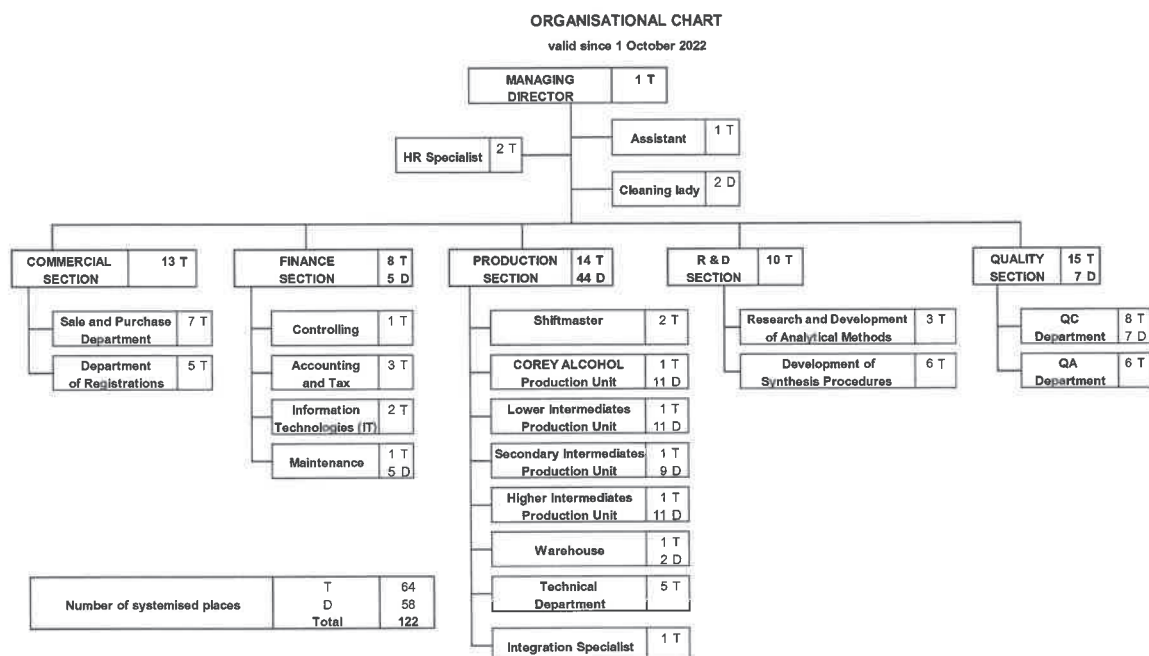
Shareholder/Owner	Ownership percentage
Cayman Chemical Company, Incorporated, USA	100%
<b>Total</b>	<b>100%</b>

The Company is part of the consolidated financial statements of the parent company, the consolidated financial statements are available at the parent company’s registered office.

### 1.2. Year-on-Year Changes and Amendments to the Register of Companies

No changes were made in the Company’s corporate details held in the Register of Companies.

### 1.3. The Company's Organisational Structure



### 1.4. Statutory Body

During 2021 and 2022, the Company had one statutory executive, Mr Kirk M. Maxey M.D. The statutory executive acts individually on behalf of the Company.

No Supervisory Board has been established.

## 2. BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

The Company's accounting books and records are maintained, and the financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended; the Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records as results from the changes implemented by Regulation No. 472/2003 Coll. and No. 397/2003 Coll., and Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis and selected components of assets and liabilities measured at fair value or equity value, as deemed appropriate, at the balance sheet date, the accruals principle, the prudence concept and the going concern assumption.

### 2.1. Methods of Valuation, Depreciation and Provisioning

#### 2.1.1. Tangible and Intangible Fixed Assets, Low Value Tangible and Intangible Assets

##### Valuation

Tangible fixed assets include assets with useful life greater than one year and an acquisition cost greater than **CZK 80 thousand**.

Intangible fixed assets include assets with useful life greater than one year and an acquisition cost greater than **CZK 80 thousand** on an individual basis.

Low value tangible assets include assets with an acquisition cost between **CZK 5 and 80 thousand**.

Low value intangible assets include assets with an acquisition cost lower than **CZK 80 thousand**.

All purchased assets are measured at cost.

Low value tangible assets with useful life greater than one year and acquisition cost lower than **CZK 80 thousand** that the Company decided not to post to the accounts of account group 02, are accounted for in account group 501 – Purchased material.

Low value intangible assets with useful life greater than one year and acquisition cost lower than **CZK 80 thousand** that the Company decided not to post to the accounts of account group 01, are expensed upon acquisition to the account of account group 518 – Services.

Technical improvements, if they exceeded **CZK 80 thousand** in respect of individual intangible assets in total for the reporting period and were put into use in that period, increase the cost of intangible fixed assets. The costs that do not exceed **CZK 80 thousand** are recognised in the Other services account group.

Technical improvements, if they exceeded CZK 80 thousand in respect of individual tangible assets in total for the reporting period and were put into use in that period, increase the cost of tangible fixed assets. The costs that do not exceed CZK 80 thousand are recognised in the accounts of account group 54 – Other operating expenses.

#### Depreciation for Accounting Purposes

Fixed assets are depreciated on a straight line basis with the below depreciation periods.

Rate (years)	Items (indicative list)
3	PC, SW Marketing studies and analyses
5	Simple analytical apparatus, analytical columns Passenger cars Furniture
6	Simple technological apparatus – e.g., agitators, baths Measuring instruments, scales
8	Analytical apparatus More complex technological apparatus – e.g., evaporators, vacuum pumps, pumpers, motors, dryers, protective boxes, refrigerating units Forklifts, lorries
10	Air-conditioning, ventilation system, humidifiers
25	Light buildings, annexes, sumps, sewer connections
50	Buildings

Depreciation periods in years are determined depending on the anticipated useful lives of fixed assets and are governed by intracompany regulations.

#### Provisioning

In the years ended 31 December 2021 and 2022, the Company recognised no provisions for tangible fixed assets based on the results of the inventory taking, to the extent that the valuation temporarily does not correspond with the actual balance. In 2019, provisions were recognised for intangible fixed assets given the lower expected future discounted cashflows from intangible fixed assets. In 2020, 2021 and 2022, this provision was updated. In 2022, the Company recognised a provision amounting to CZK 2,578 thousand for intangible fixed assets under construction due to uncertainty as to whether the investment will be made.



**2.1.2. Inventory**Valuation

Purchased inventory is valued at acquisition cost. Acquisition cost includes the purchase cost and indirect acquisition costs such as customs fees, freight costs and storage fees during transportation, commissions, and insurance charges.

Internally developed inventory is valued at the cost of producing the inventory, which primarily consists of the direct costs of production or any other activity, and/or the portion of indirect costs relating to production or any other activity.

Inventory is issued out of stock using the costs determined by the weighted arithmetic average method.

Internally produced semi-finished products and finished products are measured at planned own costs. Own costs include direct costs (direct staff costs, direct material, consumption of semi-finished products and direct energies) and indirect costs (production overheads).

Upon inventory counting (at the closing of the books), the realisable value of inventory is identified (refer to Section 26 (1) of Act No. 563/91 Coll., on Accounting) which is compared with the valuation of inventory carried in the accounting records. If hidden value losses are noted, these are analysed and if the impairment is not permanent, a provision is recognised (account group 19). If the impairment is permanent, it is accounted for in account 549 - Deficits and damage.

Unbilled supplies are measured depending on the value of the concluded contract or on the basis of an estimate, as appropriate.

Provisioning

Provisioning requirements are identified regularly upon the counting of inventory. If a temporary impairment of inventory is identified, provisions are recognised for inventory through a charge to expenses. Provisions are decreased, or derecognised through the reversal of expenses if the inventory count in the following period does not support the appropriateness of their amount or the reasons for their recognition cease to exist (e.g. when the inventory is sold or liquidated).

**2.1.3. Receivables**Provisioning

The total amount of a provision is calculated depending on the delay time after the due date of the receivable:

Group of receivables (days past due date)	Amount of the provision in %
More than 365	100
185 - 365	50
91 - 184	25
1 - 90	0



As of 31 December 2021, the Company recognised a provision for receivables of CZK 181 thousand.

As of 31 December 2022, the Company recognised no provision for receivables.

## **2.2. Loans**

Loans are stated at their nominal value. The portion of long-term loans maturing within one year from the balance sheet date is included in short-term loans.

## **2.3. Reserves**

Reserves are recognised for risks and future losses known as of the balance sheet date. The tax allowability of recognised reserves is governed by Act No. 593/1992 Coll., as amended.

Reserves for bonuses to employees are recognised through a charge to staff costs. In 2021 and 2022, the Company recognised a reserve for non-tax deductible expenses.

## **2.4. Foreign Currency Translation**

Transactions denominated in foreign currencies during the year are accounted for using the Czech National Bank's exchange rate prevailing as of the transaction date.

At the balance sheet date, receivables, payables, cash equivalents, loans, financial borrowings, and financial assets denominated in a foreign currency are translated using the effective exchange rate promulgated by the Czech National Bank as of that date. Any resulting foreign exchange rate gains and losses are recorded through the current year's financial expenses or revenues as appropriate.

## **2.5. Taxation**

### Deferred Tax

Deferred tax is calculated in respect of all temporary differences between accounting and tax values of individual assets and liabilities in the balance sheet using the income tax rate valid for the following years.

Deferred tax liabilities as of 31 December 2022 and 2021 amounting to CZK 10,173 thousand and CZK 5,220 thousand, respectively, are calculated from the difference between the accounting and tax carrying amounts of tangible and intangible fixed assets, tax non-deductible reserves and provisions for assets and hedging derivatives.

## **2.6. Year-on-Year Changes in Valuation, Depreciation or Accounting Policies**

No material changes were made.

## 2.7. Other Matters

In the year ended 31 December 2022, the Company used forwards to hedge its foreign currency risk exposure.

The Company uses financial derivatives, specifically fixed term (forward) transactions, to hedge future cash flows. The fair value of financial derivatives is determined as equal to the present value of anticipated cash flows arising from these transactions. The present value is determined using the valuation obtained from Československá obchodní banka, a.s.

Changes in the fair value of derivatives at the end of the reporting period are recognised as 'Gains or losses from revaluation of assets and liabilities'.

### 3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

#### 3.1. Receivables from Subscribed Equity

The Company records no receivables arising from subscribed equity.

#### 3.2. Fixed Assets

##### 3.2.1. Intangible Fixed Assets

	<u>Cost</u>			
	(CZK '000)			
	Balance at 31 Dec 2021	Additions	Disposals	Balance at 31 Dec 2022
Software	11 907	0	0	11 907
Other intangible fixed assets	39 637	0	0	39 637
Intangible FA under construction	2 475	279	0	2 754
<b>Total</b>	<b>54 019</b>	<b>279</b>	<b>0</b>	<b>54 298</b>

	<u>Accumulated Amortisation</u>			
	(CZK '000)			
	Balance at 31 Dec 2021	Additions	Disposals	Balance at 31 Dec 2022
Software	11 553	234	0	11 787
Other intangible fixed assets	21 285	3 933	0	25 218
Intangible FA under construction	0	0	0	0
<b>Total</b>	<b>32 838</b>	<b>4 167</b>	<b>0</b>	<b>37 005</b>

	<u>Net Book Value</u>	
	(CZK '000)	
	Balance at 31 Dec 2021	Balance at 31 Dec 2022
Software	354	120
Other intangible fixed assets	18 352	14 419
Intangible FA under construction	2 475	2 754
<b>Total</b>	<b>21 181</b>	<b>17 293</b>

As of 31 December 2022, the Company recognised a provision for other intangible fixed assets of CZK 2,578 thousand.

As of 31 December 2019, the Company recognised a provision for other intangible fixed assets of CZK 23,627 thousand.

As of 31 December 2021, the provision for other intangible fixed assets amounted to CZK 16,469 thousand.

As of 31 December 2022, the provision for other intangible fixed assets amounted to CZK 6,684 thousand.

Amortisation of Intangible Fixed Assets Charged to Expenses

Amortisation of intangible fixed assets amounted to CZK 4,167 thousand and CZK 7,069 thousand in the years ended 31 December 2022 and 2021, respectively.

Aggregate Amount of Low Value Intangible Assets not Reported in the Balance Sheet

The aggregate amount of low value intangible assets not reported in the balance sheet was CZK 1,461 thousand and CZK 1,437 thousand in the years ended 31 December 2022 and 2021, respectively.

**3.2.2. Tangible Fixed Assets**

	(CZK '000)			
	Balance at 31 Dec 2021	Additions	Disposals	Balance at 31 Dec 2022
Buildings	245 500	29 192	0	274 692
Individual movable assets	249 674	32 419	755	281 338
Tangible FA under construction	41 628	16 096	57 475	249
Prepayments for tangible FA	3 870	0	3 870	0
<b>Total</b>	<b>540 672</b>	<b>77 707</b>	<b>62 100</b>	<b>556 279</b>

In 2022, the Company completed the construction of cleanrooms. It completed the thermal insulation of the roof. It dealt with the heating of technological water by a supply of electric boilers, and replaced the sealing in the waste cesspool.

In addition, the Company additionally purchased fixed assets that represent a necessary replacement for obsolete manufacturing equipment in 2022.

Accumulated Depreciation

	(CZK '000)			
	Balance at 31 Dec 2021	Additions	Disposals	Balance at 31 Dec 2022
Buildings	41 458	5 302	0	46 760
Individual movable assets	198 785	19 274	755	217 304
<b>Total</b>	<b>240 243</b>	<b>24 576</b>	<b>755</b>	<b>264 064</b>

Net Book Value

	(CZK '000)	
	Balance at 31 Dec 2021	Balance at 31 Dec 2022
Buildings	204 042	227 932
Individual movable assets	50 889	64 034
Tangible FA under construction	41 628	249
Prepayments for tangible FA	3 870	0
<b>Total</b>	<b>300 429</b>	<b>292 215</b>

Depreciation of Tangible Fixed Assets Charged to Expenses

The depreciation of tangible assets in the years ended 31 December 2022 and 2021 amounted to CZK 24,576 thousand and CZK 22,089 thousand, respectively.

Aggregate Amount of Low Value Tangible Assets not Reported in the Balance Sheet

The aggregate amount of low value tangible assets not reported in the balance sheet as of 31 December 2022 and 31 December 2021 was CZK 8,923 thousand and CZK 7,196 thousand, respectively.

**3.3. Inventory**

in CZK thousand

**Balance of inventory as of  
31 December 2021**

<b>item</b>	<b>column 1 balance as of 1 Jan 2022</b>	<b>column 3 balance 31 Dec 2022</b>	<b>column 5 difference col.3-col.1</b>
main warehouse of raw materials	25 720,90	35 040,30	9 319,40
packaging	206,80	424,70	217,90
precious metals	0,00	0,00	0,00
material in transit	0,00	5,50	5,50
<b>total material</b>	<b>25 927,70</b>	<b>35 470,50</b>	<b>9 542,80</b>
raw materials (work in progress)	57 152,70	44 024,80	-13 127,90
semi-finished products, warehouse 402	0,00	0,00	0,00
semi-finished products (work in progress)	0,00	0,00	0,00
internally produced semi-finished products	0,00	0,00	0,00
finished products	23 428,40	20 173,70	-3 254,70
<b>Total</b>	<b>80 581,10</b>	<b>64 198,50</b>	<b>-13 127,90</b>
<b>total inventory</b>	<b>106 508,80</b>	<b>99 669,00</b>	<b>-3 585,10</b>

+ increase

- decrease

As of 31 December 2022, the Company revalued the inventory of finished products to reflect the actual prices valid as of the financial statements date.

### 3.4. Receivables

#### 3.4.1. Long-term and Short-term Receivables

As of 31 December 2022, the Company recorded no long-term receivables.

	Balance at 31 Dec 2021	Balance at 31 Dec 2022
<b>Short-term receivables</b>		
- trade receivables	54 484	47 861
- state – tax receivables	1 930	3 643
- other prepayments made	1 016	280
- other receivables	0	2 268
- receivable from controlled or controlling entity	0	0
- estimated receivables	0	0
<b>Total</b>	<b>54 730</b>	<b>54 052</b>

#### 3.4.2. Aging of Trade Receivables

(CZK '000)				
Year	Category	Before due date	Past due date	Total
2022	Short-term	47 861	0	47 861
2021	Short-term	54 178	306	54 484

The average maturity of receivables is 45 days. The maturity of receivables from CC is 90 days.

#### 3.4.3. Intercompany Trade Receivables

(CZK '000)		
Name of the Company	Balance at 31 Dec 2021	Balance at 31 Dec 2022
Cayman Chemical Company	19 883	24 026
<b>Total short-term intercompany trade receivables</b>	<b>19 883</b>	<b>24 026</b>

Receivables from CC are settled by way of mutual offsets and payments.

### 3.5. Cash

(CZK '000)		
	Balance at 31 Dec 2021	Balance at 31 Dec 2022
Cash on hand	97	96
Current accounts	76 777	100 534
<b>Total current financial assets</b>	<b>76 874</b>	<b>100 630</b>

As of 31 December 2022, the Company recorded no funds on a special-purpose account at ČSOB.



**3.6. Deferred Expenses**

As of 31 December 2022, deferred expenses included a prepayment for a trade fair, insurance and licences. As of 31 December 2021, deferred expenses included a prepayment for a trade fair, insurance, LIMS support and licences.

**3.7. Equity**

Anticipated allocation of the profit generated in 2022:

- Allocation to retained earnings or payment of dividends.

The registered paid-in share capital as of 31 December 2022 amounted to CZK 200 thousand.

**3.8. Reserves**

In the year ended 31 December 2022, the Company recognised a reserve for tax non-deductible costs for employee bonuses and outstanding vacation days.

In the year ended 31 December 2021, the Company recognised a reserve for tax non-deductible costs for employee bonuses and outstanding vacation days.

**3.8.1. Long-term and Short-term Payables**

As of 31 December 2022, the Company recorded a long-term payable of CZK 10,173 thousand including a deferred tax liability.

As of 31 December 2021, the Company recorded a long-term payable of CZK 5,220 thousand including a deferred tax liability.

	(CZK '000)	
	Balance at 31 Dec 2021	Balance at 31 Dec 2022
<b>Short-term payables</b>		
- payables to credit institutions	0	0
- trade payables	14 801	13 255
- payables to employees	7 148	5 417
- social security and health insurance	4 210	3 219
- state- tax payables and subsidies	1 200	23 641
- prepayments received	141	1 150
- estimated payables	373	414
- other	36	10
<b>Total</b>	<b>27 909</b>	<b>47 106</b>

The amount of short-term payables to suppliers is impacted by the contracted maturity periods.

**3.8.2. Aging of Trade Payables**

(CZK '000)				
Year	Category	Before due date	Past due date	Total
2021	Short-term	14 801	0	14 801
2022	Short-term	12 901	354	13 255

The standard maturity period of payables is 30 days.

**3.8.3. Intercompany Payables**

As of 31 December 2022, the Company recorded an intercompany trade payables amounting to CZK 6 thousand.

As of 31 December 2021, the Company recorded no intercompany trade payables.

**3.8.4. Social Security Payables and Contributions to the State Employment Policy. Due Payables from Public Health Insurance and Recorded Tax Arrears to Local Tax Authorities.**

Social security payables for December 2022 amounting to CZK 1,873 thousand, public health insurance payables for December 2022 amounting to CZK 933 thousand, payables arising from pension funds amounting to CZK 413 thousand and payables arising from income tax of individuals from dependent activities amounting to CZK 672 thousand were due and paid in January 2023. In addition, the Company records a payable arising from corporate income tax of CZK 20,687 thousand and a withholding tax of CZK 2,282 thousand.

Social security payables for December 2021 amounting to CZK 2,499 thousand, public health insurance payables for December 2021 amounting to CZK 1,283 thousand, payables arising from pension funds amounting to CZK 428 thousand and payables arising from the income tax of individuals from dependent activities amounting to CZK 1,194 thousand were due and paid in January 2022. The Company records no corporate income tax payable.

**3.9. Bank Loans**

The Company records no loans.

**3.10. Accrued Expenses and Estimated Payables**

As of 31 December 2021, the Company recorded accrued expenses of CZK 122 thousand (fee to the Labour Office for replacement performance).

As of 31 December 2021, the Company recognised estimated payables for unbilled supplies of 2021.

As of 31 December 2022, the Company recorded accrued expenses of CZK 56 thousand (fee to the Labour Office for replacement performance).

As of 31 December 2022, the Company recognised estimated payables for unbilled supplies of 2022.

### 3.11. Income from Ordinary Activities by Principal Activities

	(CZK '000)					
	Year ended 31 Dec 2021			Year ended 31 Dec 2022		
	In-country	Cross-border	Total	In-country	Cross-border	Total
<b>Sales of goods</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Sales of products	3 891	192 291	196 182	108 572	215 469	324 041
Sales of services	816	6 092	6 908	627	13 772	14 399
<b>Total sales of own products and services</b>	<b>4 707</b>	<b>198 383</b>	<b>203 090</b>	<b>109 199</b>	<b>229 241</b>	<b>338 440</b>

### 3.12. Total Research and Development Costs

	(CZK '000)	
	Balance at 31 Dec 2021	Balance at 31 Dec 2022
Research and development costs	17 115	16 162
<b>Total</b>	<b>17 115</b>	<b>16 162</b>

In 2022, the Company incurred development and research costs in the amount of CZK 16,162 thousand primarily in respect of the following activities:

- Development of new products;
- Preparation of reference standards of intermediate products and final products; and
- Process of chemical specialities.

Breakdown of research and development costs	(CZK '000)
	as of 31 Dec 2022
consumed material	2 053
services	488
staff costs	11 070
fees	0
depreciation of assets	1 654
insurance premium	12
Change in finished products	884
<b>Total</b>	<b>16 162</b>

In 2022, the Research and Development Section primarily engaged in finalising development, designing a manufacturing procedure and, working together with the Manufacturing Section, validating the LATANOPROSTENE BUNOD production. It compiled all research reports for individual manufacturing stages, risk assessment, development of analytical methods and others.

Due to an expansion of the portfolio, the Company further intensively worked on syntheses of two neoprostaglandin compounds – APISM. On a continuous basis, the entire section worked

on the preparation of standards for final products, intermediary products and their impurities. Pursuant to regulatory requirements, assessments of impurities profiles and potential transfer of impurities were made in cooperation with the Registrations Section. New analytical techniques were developed throughout the year.

### 3.13 Subsidies

	(CZK '000)	
	Balance at 31 Dec 2021	Balance at 31 Dec 2022
Received subsidies	0	0
<b>Total received subsidies</b>	<b>0</b>	<b>0</b>

**4. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES****4.1. Staff Costs and Number of Employees**

The following tables summarise the average number of the Company's employees and managers for the years ended 31 December 2022 and 2021:

2022

	Number of staff	Payroll costs	Social security and health insurance	Other costs	Total staff costs
Employees	113	71 919	27 490	1 529	100 938
Statutory executive	1	120	41	0	161
Management	6	14 686	4 678	80	19 444
<b>Total</b>	<b>120</b>	<b>86 725</b>	<b>32 209</b>	<b>1 609</b>	<b>120 543</b>

(CZK '000)

2021

	Number of staff	Payroll costs	Social security and health insurance	Other costs	Total staff costs
Employees	112	61 019	24 023	1 018	88 282
Statutory executive	1	120	41	0	161
Management	6	14 525	4 306	55	16 664
<b>Total</b>	<b>119</b>	<b>75 664</b>	<b>28 370</b>	<b>1 073</b>	<b>105 107</b>

(CZK '000)

The number of employees is based on the average recalculated headcount. The category of 'managers' includes section managers.

**4.2. Loans, Borrowings, and Other Benefits Provided**

During the years ended 31 December 2022 and 2021, the members of the Company's Board of Directors, Supervisory Board and management received the following contributions to pension insurance and bonuses in addition to their basic salaries, in addition to profit shares:

2022

	Management
Contributions for life and pension insurance	175
Other bonuses	1 915
Cars/other movable and immovable assets to be used for private purposes (the figure increases the tax base of employees)	931

(CZK '000)

2021

	Management
Contributions for life and pension insurance	187
Other bonuses	1 586
Cars/other movable and immovable assets to be used for private purposes (the figure increases the tax base of employees)	867

(CZK '000)

## 5. CONTINGENT LIABILITIES AND OFF BALANCE SHEET COMMITMENTS

The Company records no contingent liabilities and off balance sheet commitments.

### *Legal Disputes*

As of 31 December 2022, the Company was involved in no legal dispute, the outcome of which would significantly impact the Company.

### *Environmental Liabilities*

The binding conditions of the integrated authorisation and its later amendments were met in 2022.

### *Liabilities Associated with the Construction and Acquisition of Assets (Including Financial Leases)*

As of the balance sheet date, the Company recorded no future liabilities as a result of the contracted capital expenditure.



## 6. POST BALANCE SHEET EVENTS

No events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.



**Cayman Pharma s.r.o.**

having its registered office at ul. Práce 657, Neratovice, Mělník district, postal code  
277 11

corporate ID: 264 99 258

recorded in the Register of Companies held by the Municipal Court in Prague, File  
C, Insert 86011

**REPORT ON RELATIONS BETWEEN RELATED PARTIES PREPARED  
IN ACCORDANCE WITH Section 82 of Act No. 90/2012 Coll., on Business  
Corporations**

**for 2022**

Cayman Pharma s.r.o., having its registered office at ul. Práce 657, Neratovice, Mělník district, corporate ID: 26499258 (hereinafter the “Company”) has been part of the Cayman Chemical Company Incorporated business group, having its registered office in Ann Arbor, East Ellsworth Road 1180, postal code 48108, Michigan, United States of America. In the year ended 31 December 2022, the Company recorded the following transactions with its related parties.

## **1. CONTROLLING ENTITIES**

### **1.1. Cayman Chemical Company**

Relationship to the Company: directly controlling entity since 27 November 2006

The relations were under arm’s length conditions.

The Company incurred no detriment from the concluded relationships (contracts, confirmed orders).

In the period from 1 January 2022 to 31 December 2022, the Company sold products and purchased services.

#### **Purchases**

Purchases of services amounted to CZK 563 thousand.

#### **Sales**

The sale of intermediates and own products amounted to CZK 49,085 thousand.

## **2. OTHER RELATED PARTIES**

There were no other business transactions with other related parties in the year ended 31 December 2022.

## **3. Role of the Controlled Entity – Section 82 (2b) of the Business Corporations Act**

The Company has no functional role in respect of other entities in the group. As to its business activities, the Company is a significant business company in the group.

#### **4. Manner and Means of Control - Section 82 (2c) of the Business Corporations Act**

The Company was controlled by the owner through the decision making of the general meeting, or more precisely decision making of the sole owner.

#### **5. Assessment of Detriment Suffered by the Company and its Settlement - Section 82 (2f) of the Business Corporations Act**

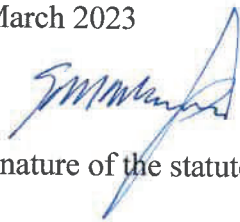
In relations discussed by this report, the Company suffered no detriment in the reporting period. For this reason, there is no need to assess settlement of the detriment under Section 71 and 72 of the Business Corporations Act.

#### **6. Assessment of Benefits and Disadvantages and Risks arising from Relations among Related Parties - Section 82 (4) of the Business Corporations Act**

The assessment of benefits and disadvantages arising for the Company from relations discussed in this report, primarily given that the Company suffered no detriment from these relations, results in a finding that benefits prevail, and no risks arise from these relations.

There were no other legal acts in the interest of the Company or other measures taken in the interest or at the initiative of the Company. This report was prepared by the statutory body of Cayman Pharma s.r.o. acting with due managerial care, using the information that may be known to the controlled entity acting with due care.

7 March 2023



Signature of the statutory body