Alvotech Holdings S.A.

Revised Consolidated Financial Statements and Report of the Réviseur d'Entreprises Agréé

2019

Alvotech Holdings S.A.
9, rue de Bitbourg
L-1273 Luxembourg
Grand Duchy of Luxembourg
RCS Luxembourg B 229.193

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2019

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Revised Endorsement by the Board of Directors

Alvotech Holdings S.A.
Société anonyme
(the "Company")

Registered Office: 9, rue de Bitbourg, L-1273 Luxembourg
R.C.S. Luxembourg B 229.193

Management report to the shareholders of the Company relating to the revised consolidated accounts for the financial year 2019

Dear Shareholders,
We hereby wish to submit to you the consolidated accounts of the Company and its subsidiaries (the "Group") for the financial year ending on 31 December 2019. The present report relates to the consolidated accounts in accordance with article 1720-1 (3) of the law of 10 August 1915 on commercial companies, as amended

I. Business developments for the financial year ended 31 December 2019

The balance sheet total amounts to 374.5 million United States dollars (USD).

The financial year ending on 31 December 2019, has produced a loss of 209.9 million United States dollars (USD).

During the year the Group's main activities were focused on product development in preparation for a commercial launch in 2022-2023. The Group signed material commercial partnership agreements during the year for the rights to its products in Europe, Canada, Japan and rest of world markets.

We suggest the result of the financial period to be brought forward to the next year.

II. Future developments

For 2020, the Group is in the process of raising additional capital through a Pre-IPO financing round. In addition, it anticipates signing additional commercial partnership agreements for its portfolio.

At this point, the Board of Directors is confident that the appropriate level of funding will be available from these sources to meet the business needs in 2020 and beyond.

III. Business risks and their mitigation

This section contains a summary of the main risks that the Company may face during the normal course of its business.

Please note however, that this section does not purport to contain an exhaustive list of the risks faced by the Company, as the Company may be significantly affected by risks that it has not identified, or not considered as material;
- Some risks faced by the Company, whether they are mentioned in this section or not, may arise from external factors beyond the Company's control;
- Where means of mitigation are mentioned in this section, such mention does not constitute a guarantee that the means of mitigation will be effective (in whole or in part) to remove, or reduce the effect of the risk.

The Group business model is built around development, manufacturing and commercialization of biosimilar medicine. Development of biosimilar medicine is subject to numerus risk as the product travel through different stages of development, scale-up, clinical and regulatory to name a few. On the commercial side the Group is facing with an ever-changing competitive landscape as well as pricing for its products.

IV. Additional disclosures

Restatement of previously issued consolidated financial statements:

The Group has restated its Consolidated Statements of Financial Position, Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss, Consolidated Statements of Cash Flows, Consolidated Statements of Changes in Equity and the accompanying notes as of and for the years ended 31 December 2019 and 31 December 2018. See Note 27 – Restatement of previously issued Consolidated Financial Statements for additional information regarding the restatement adjustments made to the Consolidated Financial Statements.

Revised Endorsement by the Board of Directors

The Board of Directors hereby declares:

1. To the best of our knowledge, we are not aware of any events that would have a material bearing on the accounts since the end of the previous financial year.
2. The Company's and the Group's likely foreseeable future development is stable.
3. The Company is, itself, not involved in any research and development activities. At Group level however its subsidiary Alvotech. hf conducts research and development.
4. The Company did not purchase any of its own shares.
5. The Company does not have established branches.

We kindly ask you to grant discharge to the directors for the exercise of their mandates during the financial year ended on 31 December 2019.

Done in Luxembourg on 2 November 2021,

For the board of directors:

Robert Wessman

Authorized signatory

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To the Shareholders of
Alvotech Holdings S.A.
9, rue Bitbourg
L-1273 Senningerberg
Grand Duchy of Luxembourg

REVISED REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Report on the Audit of the Revised Consolidated Financial Statements

Opinion

We have audited the revised consolidated financial statements of Alvotech Holdings S.A. (the "Group"), which comprise the revised consolidated statement of financial position as at 31 December 2019, and the revised consolidated statement of comprehensive income, revised consolidated statement of changes in equity and revised consolidated statement of cash flows for the year then ended, and notes to the revised consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying revised consolidated financial statements give a true and fair view of the revised consolidated financial position of the Group as at 31 December 2019, and *of* its revised consolidated financial performance and its revised consolidated cash flows for the *year then ended* in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Other Matter

The consolidated financial statements of Alvotech Holdings S.A. for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those consolidation financial statements on 14 March 2019.

Société à responsabilité limitée au capital de 360.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement 10022179

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Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "*réviseur d'entreprises agréé*" for the Audit of the Revised Consolidated Financial Statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the revised consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to Note 27 "Restatement of previously issued Consolidated Financial Statements" of the Revised Consolidated Financial Statements, which describes the fact that the Consolidated Financial Statements for the year ended 31 December 2019, which were approved on 19 March 2020 have been revised to reflect the adjustment resulting from:

1. The Board of Directors' reassessment of the effective control over the joint venture company;
2. and the Board of Directors' reassessment of the accounting treatment linked to the convertible instruments issued by the Company including the embedded features of these derivatives instruments.

The accompanying Revised Consolidated Financial Statements have been amended in order to reflect these adjustments. There are no other changes impacting the Revised Consolidated Financial Statements. The Revised Consolidated Financial Statements and the revised report of the *"réviseur d'entreprises agréé"* replace the Consolidated Financial Statements and the report of the *"réviseur d'entreprises agréé"* dated 19 March 2020.

We would like to highlight the fact that our subsequent audit procedures after 19 March 2020 were solely limited to the matter explained in Note 27.

Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Endorsement by the Board of Directors but does not include the revised consolidated financial statements and our revised report of the "*réviseur d'entreprises agréé*" thereon.

Our opinion on the revised consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the revised consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the revised consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Revised Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these revised consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of revised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the revised consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "*réviseur d'entreprises agréé*" for the Audit of the Revised Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the revised consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *"réviseur d'entreprises agréé"* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 revised consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the revised consolidated 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.

Deloitte.

- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "*réviseur d'entreprises agréé*" to the related disclosures in the revised consolidated 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 report of the "*réviseur d'entreprises agréé*". However, future events or conditions may cause the *Group* to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the revised consolidated financial statements, including the disclosures, and whether the revised consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the revised consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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

The revised consolidated management report is consistent with the revised consolidated financial statements and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de révision agréé*

Nick Tabone

Nick Tabone, *Réviseur d'entreprises agréé*
Partner

2 November 2021

Revised Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019

	Notes	2019 Revised	2018 Revised
Revenue	4	31,917,871	0
Other income	4	48,692,199	3,064,692
Project expenses		(44,877,920)	(19,389,870)
Salaries and other employee expenses	5	(68,332,579)	(38,779,269)
Facility expenses		(6,713,584)	(16,759,274)
Other operating expenses		(7,527,756)	(4,581,917)
Depreciation and amortization	7	(14,606,533)	(9,866,381)
Operating loss		(61,448,302)	(86,312,019)
Share of net loss of joint venture		(192,092)	0
Finance income	6	6,932,094	257,571
Finance costs	6	(158,467,063)	(403,545,411)
Exchange rate difference		3,789,663	735,717
		(147,937,398)	(402,552,123)
Loss before taxes		(209,385,700)	(488,864,142)
Income tax expense	8	(491,337)	(224,605)
Loss of the year		(209,877,037)	(489,088,747)
Other comprehensive income			
Item that will subsequently be reclassified to profit or loss:			
Foreign operations - foreign currency translation differences		(1,468,181)	(786,945)
Total comprehensive loss		(211,345,218)	(489,875,692)

The accompanying notes are an integral part of these revised consolidated financial statements.

Revised Consolidated Statement of Financial Position at 31 December 2019

	Notes	31.12.2019 Revised	31.12.2018 Revised
Non-current assets			
Property, plant and equipment	9	68,875,536	68,170,394
Right of use assets	10	102,072,049	0
Goodwill	11	12,226,449	12,497,172
Other intangible assets	12	3,096,432	3,192,510
Contract assets	13	1,689,320	0
Investment in joint venture	24	54,020,027	0
Restricted cash	14	10,086,157	10,004,840
		252,065,970	93,864,916
Current assets			
Inventories	15	6,390,582	2,227,813
Trade receivables		22,353,399	406,375
Contract assets	13	21,367,333	0
Other receivables	16	4,911,844	2,625,135
Receivables from related parties	22	35,146	0
Restricted cash	14	0	2,746,812
Cash and cash equivalents	17	67,402,995	52,252,345
		122,461,299	60,258,480
Total Assets		374,527,269	154,123,396

The accompanying notes are an integral part of these revised consolidated financial statements.

Revised Consolidated Statement of Financial Position at 31 December 2019

	Note	31.12.2019 Revised	31.12.2018 Revised
Equity			
Share capital	18	69,371	67,538
Share premium		102,358,959	70,123,529
Foreign currency translation reserves		(980,195)	487,986
Accumulated deficit		(868,986,548)	(659,109,511)
Total Equity		(767,538,413)	(588,430,458)
Non-current liabilities			
Borrowings	19	473,287,339	295,091,526
Derivative financial liabilities	26	479,263,352	424,563,295
Obligations under leases	10	97,286,880	360,259
Long term incentive plan	20	22,293,000	0
Deferred revenues	21	15,470,666	0
Deferred tax liability		326,586	365,786
		1,087,927,823	720,380,866
Current liabilities			
Trade and other payables		11,732,411	4,764,295
Obligations under leases	10	4,507,435	195,174
Current maturities of borrowings	19	2,319,402	2,065,698
Liabilities to related parties	22	10,780,113	7,620,114
Deferred revenues	21	13,576,273	0
Other current liabilities	23	11,222,225	7,527,707
		54,137,859	22,172,988
Total Liabilities		1,142,065,682	742,553,854
Total equity and liabilities		374,527,269	154,123,396

The accompanying notes are an integral part of these revised consolidated financial statements.

Revised Consolidated Statement of Cash Flows for the year ended 31 December 2019

	Notes	2019 Revised	2018 Revised
Operating activities			
Operating loss		(61,448,302)	(86,312,019)
Sales gain of intellectual property		(45,000,000)	0
Long term incentive plan	20	22,293,000	0
Depreciation and amortization	7	14,606,533	9,866,381
Operating cash flow before movement in working capital		(69,548,769)	(76,445,638)
(Increase) / Decrease in inventories		(4,162,769)	3,541,092
(Increase) / Decrease in operating assets		(47,191,379)	1,058,953
Increase / (Decrease) in operating liabilities		38,955,680	(9,000,595)
Cash used in operating activities		(81,947,237)	(80,846,188)
Interest received		1,657,169	154,416
Interest paid		(6,487,593)	(6,015,895)
Income tax paid		(425,172)	(45,023)
Net cash used in operating activities		(87,202,833)	(86,752,690)
Investing activities			
Acquisition of property, plant and equipment	9	(8,548,860)	(5,802,115)
Disposal of property, plant and equipment	9	175,615	0
Acquisition of intangible assets	12	(848,697)	(131,676)
Investment in joint venture	24	(5,000,000)	0
		(14,221,942)	(5,933,791)
Financing activities			
Repayments of borrowings	19	(27,052,660)	(51,921,280)
Reimbursement of lease liability	10	(3,840,875)	(176,208)
Net proceeds from new borrowings	19	113,825,000	193,048,204
Change in restricted cash	14	2,746,812	(4,908,088)
Proceeds on issue of equity shares		30,692,002	0
Sold treasury shares		0	520
Change in liabilities from related parties		0	882,854
		116,370,279	136,926,002
Increase in cash and cash equivalents		14,945,504	44,239,521
Cash and cash equivalents at the beginning of the year		52,252,345	7,925,912
Effect of movements in exchange rates on cash held		205,146	86,912
Cash and cash equivalents at the end of the year		67,402,995	52,252,345

The accompanying notes are an integral part of these revised consolidated financial statements.

Revised Statement of Changes in Equity for the year ended 31 December 2019

	Share capital	Share premium	Translation reserves	Accumulated deficit	Total equity
Balance at 1.1.2018	67,018	70,123,529	1,274,931	(170,020,764)	(98,555,286)
Foreign currency translation differences			(786,945)		(786,945)
Sold treasury shares	520				520
Loss of the year				(489,088,747)	(489,088,747)
Balance at 31.12.2018	67,538	70,123,529	487,986	(659,109,511)	(588,430,458)
Loss of the year				(209,877,037)	(209,877,037)
Foreign currency translation differences			(1,468,181)		(1,468,181)
Other comprehensive income			(1,468,181)	(209,877,037)	(211,345,218)
Increase in share capital	1,833	32,235,430			32,237,263
Balance at 31.12.2019 (Revised)	69,371	102,358,959	(980,195)	(868,986,548)	(767,538,413)

In June 2016 the Icelandic Parliament passed a legal reform of the Icelandic Financial Statements Act no. 3/2006 which became effective on January 1, 2016. The requirement is that retained earnings are separated into two categories: restricted and unrestricted retained earnings. Unrestricted retained earnings consist of undistributed profits and losses accumulated by the Company, less transfers to the Company's statutory reserve and other restricted retained earnings categories. The amount of restricted retained earnings is 3.6 million at year end (2018: 2.5 million).

The accompanying notes are an integral part of these revised consolidated financial statements.

Revised Notes to the Consolidated Financial Statements 2019

1. General information

Alvotech Holdings S.A. (the "Company" or "Alvotech Holdings") is a Luxembourg entity existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 1273 Luxembourg, 9, rue de Bitbourg. Alvotech Holdings was incorporated on November 2, 2018 with 4,000,000 A Ordinary Shares with a nominal value of one cent (0.01), on December 13th 2018, the Company issued 6,753,793 shares (split in 6,666,667 A ordinary Shares and 87,126 Class B Shares) with a nominal value of 0.01 each and a share premium of 524,932,462.07 which were subscribed by the Shareholders of Alvotech hf. The shares issued were fully paid by a contribution in kind consisting of 6,753,793 shares (split in 6,666,667 A shares and 87,126 B shares) of Alvotech hf. At the same time the Company redeemed the original 4,000,000 A ordinary Shares and cancelled them.

The above is a transaction between entities that are ultimately controlled by the same party or parties, no consideration was paid, no goodwill was recognised and no changes occured in accounting policies. Therefore it is defined as a common control transaction accounted for in this Consolidated Financial Statements using a predecessor value method. Under the predecessor value method, the net assets acquired are measured at their historical carrying amounts. Comparative periods are therefore restated as if the combination had taken place at the beginning of the earliest comparative period presented.

This Consolidated Financial Statements include the financial statements of Alvotech Holdings S.A. and its subsidiaries (Alvotech hf., Alvotech Swiss AG, Alvotech Germany GmbH, Glyco Thera Gmbh, Alvotech Malta Ltd and Alvotech USA inc.) together referred to as the Group.

Alvotech Holdings S.A. and subsidiaries are a global biopharmaceutical company dedicated to becoming one of the leaders in the biosimilars monoclonal antibodies market. The Company has biosimilar molecules in development and a new state-of-the-art manufacturing plant for development and commercial supply.

Owners of the Company are Aztiq Pharma Partners S.à r.l. (63.37%), Alvogen Lux Holdings S.à r.l. (27.71%) and others (8.92%).

2. Accounting policies

2.1 Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Application of new and revised Standards

In the current year, the Group, for the first time, has applied IFRS 16 Leases. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease requires and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 10. The impact of the adoption of IFRS 16 on the Groups's financial statements is described below.

The Group has applied IFRS 16 using the modified retrospective approach, with no restatement of comparative information. The Group has elected to apply the practical expedient to grandfather the definition of a lease on transition, and thereby applying IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

With the application of IFRS 16, the nature of expenses related to operating leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease. As a result, the application of IFRS 16 led to a decrease in loss of the year 2019 by 1.4 million. The effects on profit and loss line items are as follows: Increase in depreciation and amortisation expense by 5.5 million, increase in finance cost by 5.2 million, decrease in exchange rate difference by 3.7 million and decrease in operating expenses by 9.2 million.

2. Accounting policies (cont.)

At initial application on 1 January 2019 the Group recognised obligations under leases of 101.6 million and a right-of-use asset in the same amount.

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities in the year 2019 has increased by 3.7 million and net cash used in financing activities increased by the same amount.

2.2 Basis of preparation

The Consolidated Financial Statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The Consolidated Financial Statements are presented in US Dollar (USD).

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The Consolidated Financial Statements have been prepared in accordance with the purchase method. When ownership of a subsidiary is less than 100% minority interests in profit/loss for the year and equity at end of period are identified separately. When minority interests are minor they are not identified.

In acquisitions of subsidiaries their assets and liabilities are estimated at a fair value at the acquisition date. If costs are in excess of the fair value of assets and liabilities a goodwill is recognized. The results of the subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Where necessary adjustments are made to the Financial Statement of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

2. Accounting policies (cont.)

Going concern

The Consolidated Financial Statement have been prepared on a going concern basis. The going concern basis assumes that the Group will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. See further note 30.

Restatement of previously issued consolidated financial statements:

The Group has restated its Consolidated Statements of Financial Position, Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss, Consolidated Statements of Cash Flows, Consolidated Statements of Changes in Equity and the accompanying notes as of and for the years ended 31 December 2019 and 31 December 2018. See Note 27 – Restatement of previously issued Consolidated Financial Statements for additional information regarding the restatement adjustments made to the Consolidated Financial Statements.

2.3 Revenue recognition

Rendering of service

Revenue from rendering of services is recognized when the service is provided. Revenue are shown in the Consolidated Statement of Comprehensive Income net of discount.

Out-Licensing revenue

The Company has made several out-licensing contracts for in development biosimilar molecules. The contracts include two performance obligations, right to use licence and R&D services. Once the biosimilar development reaches a predetermined Probability of Success rate threshold (when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and a performance obligation has been met), revenue recognition is triggered. The Company determines the stand alone selling price of the R&D service with reference to development costs yet to be incurred when the Probability of Success threshold has been reached. As there is no stand-alone price for the right to use the license the Company evaluates the stand-alone selling price using the residual approach, by deducting the stand alone selling price for R&D services from the contract price. Revenue for the right to use licence is recognised at a point in time when the Probability of Success rate threshold is reached, and the R&D service revenue is recognized over time as it occurs in the proportion as the cost is incurred.

Dividend and interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 Project expenses and other operating expenses

Project expenses consist of research and development cost. Other operating expenses mainly consist of facility related expenses as well as other general operating expenses.

2.5 Investments in subsidiaries

Control is achieved when the Group has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements.

2. Accounting policies (cont.)

2.6 Investments in joint ventures

To the extent the Group concludes that it does not control, and thus consolidate, a joint venture, the Group accounts for its interest in joint ventures using the equity method of accounting. As such, investments in a joint venture are initially recognized at cost and the carrying amount is subsequently adjusted for the Group's share of the profit or loss of the joint venture, as well as any distributions received from the joint venture. The Group carries its ownership interest in a joint venture as "Investment in joint venture" on the Consolidated Statements of Financial Position. The Group's profit or loss includes its share of the profit or loss of the joint venture and, to the extent applicable, other comprehensive income or loss for the Group includes its share of other comprehensive income or loss of the joint venture. The Group's share of a joint venture's profit or loss in a particular year is presented as "Share of net loss of joint venture" in the Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss.

The carrying amount of equity-accounted investments is assessed for impairment as a single asset. Impairment losses are incurred only if there is objective evidence of impairment as a result of loss events that have an impact on estimated future cash flows and that can be reliably estimated. Losses expected as a result of future events are not recognized. The Group did not recognize any impairment losses related to its investment in the joint venture for the year ended 31 December 2019.

Refer to Note 24 for additional information regarding the Group's joint venture as of and for the year ended 31 December 2019.

2.7 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in in the consolidated statement of profit or loss as incurred.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the purchase price of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities, contingent liabilities, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

2.8 Goodwill

Goodwill is recognized as an asset and reviewed for impairment at each balance sheet date. The amount of impairment is calculated using discounted expected future cash flows. The discount rate applied to these cash flows is based on weighted average cost of capital, which represents the cost of debt and equity after taxation. Impairment charges are measured on the basis of comparison of estimated fair values (discounted expected future cash flows) with corresponding book values and recognized in the consolidated statement of profit or loss.

2. Accounting policies (cont.)

2.9 Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

2.10 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Consolidated Statement of Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.11 Property, plant and equipment

Property, plant and equipment are recognized as an asset when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured in a reliable manner. Property, plant and equipment which qualify for recognition as an asset are initially measured at cost.

The cost of a property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use.

The depreciable amount of the asset is allocated on a straight-line basis over its useful life. The depreciation charge for each period is recognized as an expense. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

The disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Statement of Comprehensive Income.

2. Accounting policies (cont.)

2.12 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful life are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is allocated on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Part of the intangible assets included below have finite useful lives, over which the assets are amortized. These intangible assets will be amortized on a straight line basis over their useful lives.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Groups's development is recognized only if all of the following conditions are met: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

2.13 Inventories

Inventories are stated at the lower of cost or net realisable value, after taking obsolete and defective goods into consideration. Cost comprises direct materials and, where applicable, direct labour costs and those overhead expenses that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2. Accounting policies (cont.)

2.14 Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.15 Financial assets

2.15.1 Financial assets measured at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

2.15.2 Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

2. Accounting policies (cont.)

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

2.15.3 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

2. Accounting policies (cont.)

2.15.4 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.16 Financial liabilities

2.16.1 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.16.2 Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.16.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

2.16.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

• it has been incurred principally for the purpose of repurchasing it in the near term;

• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

2. Accounting policies (cont.)

• it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 26.

2.16.3.2 Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.17 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The lease payments included in the measurement of the lease liability comprise fixed payments less any incentives, variable lease payments that depend on an index or rate, expected residual guarantees and the excercise price of purchase options if the Group expects to excercise the option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability if the lease term has changed, when lease payments changes in an index or rate or when a lease contract is modified and the modification is not accounted for as a seperate lease.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2. Accounting policies (cont.)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

3. Accounting estimate

In the application of the Company's accounting policies, which are described in note 2, directors of the Company 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following notes include balances where the critical judgements that managers have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Consolidated Financial Statements.

- *Property, plant and equipment (Note 9)*
- *Intangible assets (Note 12)*
- *Carrying amount of Goodwill (Note 11)*
- *Financial instruments (derivatives) (Note 26)*

4. Revenue and other income

Revenue	2019	2018
License fee	18,008,533	0
R&D service	13,909,338	0
	31,917,871	0

Other income

	2019	2018
Sales gain of Intellectual Property	45,000,000	0
Other	3,692,199	3,064,692
	48,692,199	3,064,692

Sales gain of Intellectual Property

Alvotech Holdings initial investment in Changchun Alvotech Biopharmaceutical Co. Ltd. (joint venture) is 100 million. Part of Alvotech Holdings contribution is 90 million in the form of contract products (six specific biosimilar products). Under the equity method, an investment is initially recognized at cost. However, since part of the paid in capital is in the form of non-financial assets, the effect of downstream transactions will have to be considered. Alvotech Holdings has to date not capitalized any development costs relating to the assets referred to in the contract. Therefore a gain is recognized in the income statement in the amount of the unrelated investors share in the assets contributed to Changchun Alvotech Biopharmac. Co. Ltd. (joint venture).

Revised Notes to the Consolidated Financial Statements 2019

5. Salaries and other employee expenses

	2019	2018
Salary expense	32,832,419	29,370,247
Pension expense	3,346,354	2,860,279
Long term incentive plan	22,293,000	0
Other employee expense	8,235,769	4,688,845
Temporary labor	1,625,037	1,859,898
	68,332,579	38,779,269
Average number of employees	341	268

6. Finance income and finance cost

Finance income	2019	2018
Changes in the fair value of derivatives	5,193,608	0
Interest income from cash and cash equivalents	1,732,152	245,041
Other interest income	6,334	12,530
	6,932,094	257,571

Finance cost:

Changes in the fair value of derivatives	(59,893,665)	(362,473,857)
Interest on debt and borrowings	(95,755,157)	(29,662,239)
Redemption fee	0	(6,778,026)
Amortization of deferred financing fees	(2,818,241)	(4,631,289)
	(158,467,063)	(403,545,411)

7. Depreciation and amortization

Depreciation of property, plant and equipment (see note 9)	7,555,586	8,854,850
Amortization of intangibles assets (see note 12)	908,548	1,011,531
Depreciation of right of use assets (see note 10)	6,142,399	0
	14,606,533	9,866,381

8. Income tax

Income tax has been calculated and recorded in the Consolidated Financial Statements. The amount charged in income statement is 491 thousand which is the amount payable in the year 2020 (2019: 225 thousand).

	2019		2018	
	Amount	%	Amount	%
Loss before tax	(209,385,700)		(488,864,142)	
Tax rate	(52,220,794)	24.9%	(121,922,717)	24.9%
Effect of tax rate in foreign jurisdictions	10,343,654	-4.9%	24,149,889	-4.9%
Valuation allowance	42,368,477	-20.2%	97,997,433	-20.0%
Income tax according to income statement	491,337	-0.2%	224,605	0.0%

Deferred income tax liability in the amount of 327 thousand has been recognised in relation to fair value measurement of customer relationships. This deferred tax liability has been offset by tax loss carry forward. No additional deferred tax asset has been recognised in the statement of financial position due to uncertainty in the utilization of the accumulated deferred tax loss balance.

9. Property, plant and equipment

Property, plant and equipment are specified as follows:

	Facility equipment	Furniture, fixt. and leasehold improvements	Computer and equipment	Total
Cost				
Balance at 1.1.2019	57,323,984	25,766,661	1,368,149	84,458,794
Additions	7,765,965	681,460	101,431	8,548,856
Disposals	(422,629)	(35,880)	(16,501)	(475,010)
FX translation difference	(205,200)	(5,134)	(8,230)	(218,564)
Balance at 31.12.2019	64,462,120	26,407,107	1,444,849	92,314,076
Depreciation				
Balance at 1.1.2019	11,410,956	3,690,981	1,186,463	16,288,400
Depreciation for the period	5,748,122	1,652,340	155,124	7,555,586
Disposals	(247,037)	(35,873)	(16,484)	(299,394)
FX translation difference	(94,413)	(4,718)	(6,921)	(106,052)
Balance at 31.12.2019	16,817,628	5,302,730	1,318,182	23,438,540
Carrying amount				
Balance at 1.1.2019	45,913,028	22,075,680	181,686	68,170,394
Balance at 31.12.2019	47,644,492	21,104,377	126,667	68,875,536

9. Property, plant and equipment (cont.)

	Facility equipment	Furniture, fixt. and leasehold improvements	Computer and equipment	Total
Cost				
Balance at 1.1.2018	53,131,897	24,794,890	893,598	78,820,385
Reclassification between asset classes	(392,763)	392,763	419,010	419,010
Additions	5,113,774	614,216	74,125	5,802,115
Disposals	(144,540)	(12,178)	(10,450)	(167,168)
FX translation difference	(384,384)	(23,030)	(8,134)	(415,548)
Balance at 31.12.2018	57,323,984	25,766,661	1,368,149	84,458,794
Depreciation				
Balance at 1.1.2018	4,980,268	1,951,412	567,186	7,498,866
Reclassifications of assets	(200,346)	200,346	285,093	285,093
Depreciation for the period	6,937,796	1,562,232	354,822	8,854,850
Disposals	(143,863)	(12,177)	(10,448)	(166,488)
FX translation difference	(162,899)	(10,832)	(10,190)	(183,921)
Balance at 31.12.2018	11,410,956	3,690,981	1,186,463	16,288,400
Carrying amount				
Balance at 1.1.2018	48,151,629	22,843,478	326,412	71,321,519
Balance at 31.12.2018	45,913,028	22,075,680	181,686	68,170,394

Depreciation is calculated on a straight-line basis. The land is not being depreciated. The following useful lives are used in the calculation of depreciation:

Facility and computer equipment	3 - 12 years
Leasehold improvements, furniture and fixture	5 - 22 years

The Group's properties and equipment have been pledged to secure borrowings. Major divestments are subject to bank approval.

10. Leases

Right-of-use assets	Buildings
Recognised on initial application, 1 January 2019	101,563,461
Adjustments for indexed leases	2,429,719
New or renewed leases	4,318,922
Depreciation	(6,142,399)
Translation difference	(97,654)
Balance at 31 December 2019	102,072,049

Amounts recognised in profit and loss	2019
Depreciation expense from right-of-use assets	(6,142,399)
Interest expense on lease liabilities	(5,532,681)
Foreign currency difference on lease liability	3,698,312
Total amount recognised in profit and loss	(7,976,768)

10. Leases (cont.)

Lease liabilities

Balance at 1 January 2019	555,433
Recognised on initial application, 1 January 2019	101,563,461
Adjustments for indexed leases	2,429,719
New or renewed leases	4,849,960
Installment during the period	(3,840,875)
Foreign currency adjustment	(3,698,312)
Translation difference	(65,071)
Short term obligations under leases	(4,507,435)
Balance at 31 December 2019	97,286,880

Maturity analysis, undisclosed lease payments	31.12.2019
Not later than 1 year	9,753,332
Later than 1 year and not later than 5 years	37,961,291
Later than 5 year	112,128,295
	159,842,918

Short-term and low value lease expenses not included in lease liabilities amount to 121,624.

The impact of the adoption of IFRS 16 on the Company's Annual Consolidated Financial Statements is shown in the following section.

	2019		
	As reported	Impact of IFRS 16	Excluding IFRS 16
Revenue	31,917,871	0	31,917,871
Other income	48,692,199	0	48,692,199
Project expenses	(44,877,920)	0	(44,877,920)
Salaries and other employee expenses	(68,332,579)	0	(68,332,579)
Facility expenses	(6,713,584)	(9,208,789)	(15,922,373)
Other operating expenses	(7,527,756)		(7,527,756)
Depreciation and amortizatoin	(14,606,533)	6,142,399	(8,464,134)
Operating loss	(61,448,302)	(3,066,390)	(64,514,692)
Share of profit/loss of subsidiaries	(192,092)	0	(192,092)
Finance income	6,932,094	0	6,932,094
Finance cost	(158,467,063)	5,532,681	(152,934,382)
Exchange rate difference	3,789,663	(3,698,312)	91,351
Income tax expense	(491,337)	0	(491,337)
Loss of the year	(209,877,037)	(1,232,021)	(211,109,058)
Foreign currency translation difference	(1,468,181)	586	(1,467,595)
Total comprehensive income	(211,345,218)	(1,231,435)	(212,576,653)

10. Leases (cont.)

Balance Sheet

	31.12.2019		
	As reported	Impact of IFRS 16	Excluding IFRS 16
Assets			
Right of use Asset	102,072,049	(102,072,049)	0
Other non-current assets	149,993,921	0	149,993,921
Non-current assets	252,065,970	(102,072,049)	149,993,921
Current assets	122,461,299	0	122,461,299
Total assets	374,527,269	(102,072,049)	272,455,220

	31.12.2019		
Liabilities	As reported	Impact of IFRS 16	Excluding IFRS 16
Obligation under leases	97,286,880	(96,664,887)	621,993
Other non-current liabilities	990,640,943	0	990,640,943
Non-current liabilities	1,087,927,823	(96,664,887)	991,262,936
Obligation under leases	4,507,435	(4,175,728)	331,707
Other current liabilities	49,630,424	0	49,630,424
Current liabilites	54,137,859	(4,175,728)	49,962,131
Total equity and liabilities	374,527,269	(99,609,180)	274,918,089

Cash Flow

	2019		
	As reported	Impact of IFRS 16	Excluding IFRS 16
Operating loss	(61,448,302)	(3,066,390)	(64,514,692)
Depreciation and amortization	14,606,533	(6,142,399)	8,464,134
Other operating assets	(51,354,148)		(51,354,148)
Operating liablities	38,955,680		38,955,680
Other operating activities	(22,707,000)		(22,707,000)
Cash used in operations	(81,947,237)	(9,208,789)	(91,156,026)
Interest received	1,657,169		1,657,169
Interest paid	(6,487,593)	5,532,681	(954,912)
Income tax paid	(425,172)		(425,172)
Net cash used in operating activites	(87,202,833)	(3,676,108)	(90,878,941)
Cash flows to investing activities	(14,221,942)	0	(14,221,942)

10. Leases (cont.)

	2019		
	As reported	Impact of IFRS 16	Excluding IFRS 16
Reimbursement of lease liability	(3,840,875)	3,676,108	(164,767)
Other financing activities	120,211,154		120,211,154
Cash flow from financing activities	116,370,279	3,676,108	120,046,387
Net decrease in cash	14,945,504	0	14,945,504
Exchange rate difference	205,146	0	205,146
Cash and cash equivalents at the beginning of the year	52,252,345	0	52,252,345
Cash at 31 December	67,402,995	0	67,402,995

11. Goodwill

	2019	2018
Carrying amount at beginning of year	12,497,172	13,030,839
Translation difference	(270,723)	(533,667)
Carrying amount at the end of year	12,226,449	12,497,172

The goodwill was recognized through business combinations in 2015 and 2016 at Alvotech hf. level. No goodwill was identified through the business combination of Alvotech Holdings S.A. and Alvotech hf. Goodwill is allocated to the smallest cash generating unit, which has been determined to be the Consolidation as a whole. The recoverable amount of the cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on the financial forecast for the period 2020-2029 approved by management and the Board of Directors. Given the nature of the Company's industry, management uses a 10 years forecast period. The Company is currently in a development phase, and the forecast includes the main revenue generating phase when products currently in development will be available for market. Cash flows beyond 2029 have been extrapolated using a negative 5% per annum growth rate. The discount rate of 21.3% per annum was used. Management believes that any reasonable further change in the key assumptions on which recoverable amount is based would not cause the carrying amount of goodwill to exceed its recoverable amount.

12. Intangible assets

Other intangible assets	Software	Customer relationships	Total
Cost			
Balance at 1.1.2019	2,636,466	2,354,003	4,990,469
Additions	848,697	0	848,697
Disposals	(19,538)	0	(19,538)
FX translation difference	(1,298)	(50,986)	(52,284)
Balance at 31.12.2019	3,464,327	2,303,017	5,767,344
Accumulated amortization and impairment			
Balance at 1.1.2019	1,125,387	672,572	1,797,959
Amortization	579,546	329,002	908,548
Disposals	(19,510)	0	(19,510)
FX translation difference	(1,743)	(14,342)	(16,085)
Balance at 31.12.2019	1,683,680	987,232	2,670,912
Carrying amount			
Balance at 1.1.2019	1,511,079	1,681,431	3,192,510
Balance at 31.12.2019	1,780,647	1,315,785	3,096,432

	Software	Other intangibles	Total
Cost			
Balance at 1.1.2018	2,964,389	2,465,637	5,430,026
Reclassification on computer equipment	(419,010)	0	(419,010)
Additions	131,676	0	131,676
Disposals	(33,693)	0	(33,693)
Currency exchange difference	(6,896)	(111,634)	(118,530)
Balance at 31.12.2018	2,636,466	2,354,003	4,990,469
Accumulated amortization and impairment			
Balance at 1.1.2018	780,242	352,234	1,132,476
Reclassification on computer equipment	(285,093)	0	(285,093)
Amortization	665,230	346,301	1,011,531
Disposals	(29,545)	0	(29,545)
Currency exchange difference	(5,447)	(25,963)	(31,410)
Balance at 31.12.2018	1,125,387	672,572	1,797,959
Carrying amount			
Balance at 1.1.2018	2,184,147	2,113,403	4,297,550
Balance at 31.12.2018	1,511,079	1,681,431	3,192,510

Amortization is calculated on a straight-line basis. The Intellectual property is not amortised but is reviewed for impairment at least annually. The following useful lives are used in the calculation of depreciation:

Software	3 - 5 years
Customer relationsips	7 years

Amortization of intangible asset will begin when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

13. Contract Assets

Amounts relating to contract assets are balances due from customers under Out-Licensing contracts that arise when the Group receives payments from customers in line with a series of milestones that relate to development and/or regulatory approval of the contract products. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. Payment for the service provided and licence granted is not due from the customer until certain milestones have been reached and therefore a contract asset is recognised over the period in which the services is performed to represent the Company's right to consideration for the services transferred to date. Non-current contract assets will materialise over the next 2-3 years.

	31.12.2019	31.12.2018
Licence	11,951,323	0
R&D Service	11,105,330	0
	23,056,653	0

	Licence	R&D Service	Total
Non current	0	1,689,320	1,689,320
Current	11,951,323	9,416,010	21,367,333
	11,951,323	11,105,330	23,056,653

14. Restricted cash

	31.12.2019	31.12.2018
Balance at beginning of year	12,751,652	7,654,900
Payment into Restricted cash account	0	10,000,000
Repayments	(2,746,812)	(4,908,088)
Interest income	81,317	4,840
	10,086,157	12,751,652
Restricted cash - available for use after 1 year or later	10,086,157	10,004,840
Restricted cash - available for use within 1 year	0	2,746,812
	10,086,157	12,751,652

Restricted cash relates to the Company´s borrowing agreements. See further in note 19.

15. Inventories

Inventories consist of supplies used in the Group's reasearch and development of biosimiliars.

16. Other receivables

	31.12.2019	31.12.2018
Value added tax	2,108,237	1,070,857
Prepaid expenses	1,245,784	1,086,984
Other short term receivables	1,557,823	467,294
	4,911,844	2,625,135

17. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents in the statement of cash flows comprise the following:

	31.12.2019	31.12.2018
Cash and cash equivalents in US Dollar	64,773,017	50,544,962
Cash and cash equivalents in other currency	2,629,978	1,707,383
	67,402,995	52,252,345

18. Share capital

	Shares	%	Amount
Share capital at year-end	6,937,062	100.0%	69,371
	6,937,062	100.0%	69,371

Total share capital issued at balance sheet date are 6,937,062 shares. The nominal value of each share in one cent US dollar. All of the share capital has been paid. 98.62% of the shares are A ordinary Shares with full voting rights. 1.38% of the Shares are class B shares that do not have voting rights.

19. Borrowings

	31.12.2019	31.12.2018
Convertible bonds	340,374,349	224,403,548
Convertible shareholder loans	139,896,391	73,966,394
Other borrowings	11,351,854	13,206,856
	491,622,594	311,576,798

Convertible bonds classified as non-current liabilities	340,374,349	224,403,548
Convertible shareholder loans classified as non-current liabilities	139,896,391	73,966,394
Other borrowings	9,032,452	11,141,158
Current portion of other borrowings	2,319,402	2,065,698
Capitalized borrowing cost	(16,015,853)	(14,419,574)
	475,606,741	297,157,224

The following table represents a summary of the contractual maturities of principal on the Group's outstanding borrowings at December 31:

Year 2020 / 2019	2,319,402	2,065,699
Year 2021 / 2020	2,472,458	2,281,605
Year 2022 / 2021	32,982,448	2,438,781
Year 2023 / 2022	452,008,984	76,588,037
Thereafter	1,839,303	228,202,676
	491,622,594	311,576,798

Current weighted average interest terms are 14.84% (2018:14.76%).

Reconciliation of borrowings:	2019	2018
Borrowings at beginning of year	297,157,224	129,192,968
Net cash proceeds from new borrowings	113,825,000	193,048,204
Fair value of conversion right in new borrowings	0	(9,262,719)
Repayments	(27,052,660)	(51,921,280)
Accrued interest	68,005,641	31,329,091
Accretion	20,900,173	(6,542,038)
Redemption fee	0	6,778,026
Amortized borrowing cost	2,818,241	4,631,289
Foreign currency exchange difference	(46,878)	(96,316)
Borrowings at year-end	475,606,741	297,157,224

Summary of borrowing arrangements

During 2019, the Company closed on the remaining 68 million of borrowing under the December 14, 2018 300 million pre IPO convertible bond offering.

In addition, Alvotech Holdings majority shareholder Aztiq Pharma Partners S.á r.l provided a 50 million convertible shareholder loan on May 14, 2019. This loan has been provided on the same terms and conversion rights as previous shareholder loans.

20. Long term incentive plan

The Company has from the year 2015 issued to certain current and former members of management share appreciation rights (SARs) that require the Company to pay the employees a cash payment in association with the occurrence of a designated triggering event in the future. The vesting conditions are linked to certain milestones in the Company's operations and the payment amounts are determined by the increase in the Company market value from the grant date of the SARs until the triggering event occurs. The Group has in 2019 recorded a total of 22.3 million in liabilities and expenses, of which 18.5 million relate to SARs granted in 2015, 0.8 million due to SARs granted in 2017 and 3 million due to SARs granted in 2019. In accordance with IFRS 2 guidance, a liability has not been recognized in prior periods due to the uncertainty of the timing and occurance of the triggering event. Fair value of the SARs is determined by using the Black Scholes Merton pricing model using a continuously compounding risk free rate of 1.59% and volatility of 42% based on historical data from a peer group of public companies similar to Alvotech. The SARs do not expire at a specific date and Company expects to settle the SARs in the years 2021 and 2022.

21. Deferred revenue

Deferred revenues relating to out-licencing contracts arise if revenues exceed the invoiced amounts and recognised to date. Non current deferred revenues will be recognised over the next 2-5 years.

	31.12.2019	31.12.2018
Licence	15,840,400	0
R&D service	13,206,539	0
	29,046,939	0

	Licence	R&D Service	Total
Non current	5,000,200	10,470,466	15,470,666
Current	10,840,200	2,736,073	13,576,273
	15,840,400	13,206,539	29,046,939

22. Related parties

Related parties are those parties which have considerable influence over the Company, directly or indirectly, including parent company, owners or their families, large investors, key employees and their families and parties that are controlled or dependent on the Company, i.e. affiliates and joint ventures. Business with related parties has been done on a similar basis as business with unrelated parties.

Related parties transactions in 2019 are as follows:

	Purchased service / interests	Sold Service	Receivables	Payables / Loans
Alvogen Lux Holdings S.á.r.l. - Sister company *	29,236,808	0	0	24,768,342
Alvogen Aztiq AB - Sister company *	803,948	0	0	0
Aztiq Pharma Partners S.a.r.l. - Sister company *	11,393,029	0	0	115,637,985
Fasteignafélagið Sæmundur - Sister company	6,901,474	0	0	0
Alvogen Iceland ehf. - Sister company	817,361	1,690,236	35,146	0
Alvogen UK - Sister company	1,059,973	0	0	174,370
Norwich Parmaceuticals Inc. Sister company	0	0	0	2,613,200
Alvogen Inc. - Sister company	454,900	0	0	2,118,783
Changchun Alvotech Biopharmac. Co. Ltd.	0	0	0	5,000,000
Alvogen Malta Operations Ltd - Sister company	849,358	0	0	549,895
Alvogen Malta (Outlicensing) Ltd - Sister company	0	101,779	0	28,616
Alvogen Spain SL - Sister Company	77,622	0	0	867
Norwich Clinical Services Ltd - Sister Company	73,516	0	0	16,682
Alvogen Pharma Pvt Ltd - Sister Company	183,204	0	0	22,732
HRJÁF ehf - Sister company	243,410	0	0	0
	52,094,603	1,792,015	35,146	150,931,472

*Alvogen Lux Holdings S.á.r.l.: Full amount of purchased service / interest are interest expenses from long term liabilities and payables are interest bearing long term liabilities (24,513,374) and short term payable (254,968), see further note 19.
Alvogen Aztiq AB: Full amount of purchased service are interest expenses from long term liablities and payables are interest bearing long term liabilities (803,948), see further note 19.
Aztiq Pharma Partners S.á.r.l.: Full amount of purchased service / interest are interest expenses from long term liablities and payables are interest bearing long term liabilities (127,031,014), see further note 19.

22. Related parties (cont.)

Related parties transactions in 2018 are as follows:

	Purchased service / interests	Sold Service	Receivables	Payables / Loans
Alvogen Lux Holdings S.á.r.l. - Sister company *	12,181,175	0	0	70,842,825
Alvogen Aztiq AB - Sister company *	2,030,181	0	0	3,123,569
Fasteignafélagið Sæmundur - Sister company	7,657,991	0	0	0
Alvogen Iceland ehf. - Sister company	1,008,743	1,458,660	0	1,820,055
Alvogen UK - Sister company	602,890	0	0	998,993
Norwich Parmaceuticals Inc. Sister company	721,261	0	0	2,613,200
Alvogen Inc. - Sister company	452,616	0	0	1,657,904
Alvogen Malta Operations Ltd - Sister company	96,344	0	0	109,661
Alvogen Pharma PVT Ltd - Sister company	238,010	0	0	109,008
	24,989,211	1,458,660	0	81,275,215

23. Other current liabilities

	31.12.2019	31.12.2018
Unpaid salary and salary related expenses..	4,759,263	3,413,378
Accrued vacation leave..	2,325,424	2,149,836
Accrued expenses..	3,876,140	1,714,496
Income tax payable..	261,398	249,997
	11,222,225	7,527,707

24. Interests in joint ventures

In September 2018, Alvotech hf., a subsidiary of the Group, entered into a joint venture agreement with Changchun High & New Technology Industries (Group) Inc. (the "joint venture partner") to form a newly created joint venture entity, Changchun Alvotech Biopharmaceutical Co., Ltd. (the "joint venture" or "JVCO"). The purpose of the JVCO is to develop, manufacture and sell biosimilar products in the Chinese market. The JVCO's place of business is also the country of incorporation.

Name of entity	Place of business	Ownership interest 2019	Carrying amount 2019
Changchun Alvotech Bioph. Co. Ltd.	China	50%	54,020

The proportion of ownership interest is the same as the proportion of voting rights held by the Group. Management evaluated whether the Group's voting rights are sufficient for providing a practical ability to direct the relevant activities and strategic objectives of JVCO unilaterally. As the Group does not hold a majority of the voting rights, the Group does not control JVCO. As a result, the Group's investment in JVCO is accounted for using the equity method.

24. Interests in joint ventures (cont.)

The following table provides the change in investments in joint venture during the years ended 31 December 2019 and 2018:

	2019
Balance at 1 January	-
Additions (1)	55,000,000
Share in losses	(192,092)
Translation difference	(787,881)
Balance at 31 December	54,020,027

(1) Additions represent the Group's investment in JVCO, which is comprised of 10.0 million in cash and 45.0 million in intellectual property contributions.

The tables below provide summarized financial information for the JVCO. The information disclosed reflects the amounts presented in the Financial Statements of the JVCO and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarized Statement of Financial Position (in thousands)	2019
Current assets	
Cash and bank balances	45,415,695
Other current assets	125,366
Total current assets	45,541,061
Total non-current assets	7,530,863
Current liabilities	
Other current liabilities	308,145
Total current liabilities	308,145
Net assets	52,763,779

Reconciliation to carrying amounts (in thousands):	2019
Loss for the period	(384,185)
Cash contributions of owners	55,280,900
Other, net	(2,132,936)
Closing net assets at 31 December	52,763,779
Adjustment related to timing in recognition of cash contributions	55,000,000
Adjusted closing net assets at 31 December	107,763,779
Group's share in %	50%
Group's share in USD	53,881,890
Other	138,138
Carrying amount	54,020,028

24. Interests in joint ventures (cont.)

Summarized Statement of Profit or Loss &Other Comprehensive Income (in thousands)	2019*
Interest income	760,657
Depreciation and Amortization	(9,248)
Other expenses	(1,314,304)
Exchange rate differences	178,710
Loss from continued operations	(384,185)
Loss for the period	(384,185)
Total comprehensive loss	(384,185)

** From the date of incorporation of 11 March 2019.*

The Group did not receive any dividends from JVCO during the year ended 31 December 2019. The Group had a 5.0 million commitment to provide a cash contribution to JVCO as of 31 December 2019, which was paid during the year ended 31 December 2020. Similarly, the joint venture partner had a 50.0 million commitment to provide a cash contribution to JVCO as of 31 December 2019, which was also paid during the year ended 31 December 2020. The Group does not have any remaining commitments to JVCO as of 31 December 2020. Furthermore, the Group does not have any contingent liabilities relating to its interests in JVCO as of 31 December 2020 or 2019. While there are no significant restrictions resulting from contractual arrangements with JVCO, entities in China are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from those countries, other than normal course dividends.

25. Shares in Subsidiaries

Subsidiaries

Detail of the Group´s subsidiaries at the end of the reporting period is as follows

Name of subsidiary	Principal activity	Place of operation	Proportion of ownership and voting power held by Alvotech	
			31.12.2019	31.12.2018
Alvotech hf	Biopharmaceutical	Iceland	100.00%	100.00%
Alvotech GmbH	Biopharmaceutical	Germany	100.00%	100.00%
Alvotech Swiss AG	Biopharmaceutical	Switzerland	100.00%	100.00%
Glyco Thera GmbH	Biopharmaceutical	Germany	100.00%	100.00%
Alvotech Malta Ltd.	Group Services	Malta	100.00%	100.00%
Alvotech USA Inc.	Biopharmaceutical	USA	100.00%	0.00%

26. Financial instruments

26.1 Accounting classification and carrying amounts

Financial assets	31.12.2019	31.12.2018
Cash and cash equivalents	67,402,995	52,252,345
Financial assets measured at amortised cost	55,531,355	13,158,027
	122,934,350	65,410,372

Financial liabilities as of 31 December 2019 and 2018 are as follows:

	31.12.2019	31.12.2018
Borrowings	475,606,741	297,157,224
Derivative financial liabilities	479,263,352	424,563,295
Other financial liabilities*	157,560,666	20,217,552
	1,112,430,759	741,938,071

** Includes other long-term liability to a related party, long-term incentive plan measured at FVTPL, trade and other payables, lease liabilities, liabilities to related parties and other current liabilities measured at amortized cost.*

It is management's estimate that the carrying amounts of financial assets and financial liabilities carried at amortized cost approximate their fair value, with the exception of the convertible bonds and convertible shareholder loans. Material differences between the fair values and carrying amounts of these borrowings are identified as follows:

	At 31 December 2019	
	Carrying amount	Fair value
Convertible bonds	337,652,398	341,423,160
Convertible shareholder loans	135,681,864	169,456,770
	473,334,262	510,879,930

	At 31 December 2018	
	Carrying amount	Fair value
Convertible bonds	290,822,485	277,027,911
Convertible shareholder loans	73,966,394	112,989,549
	364,788,879	390,017,460

26. Financial instruments (cont.)

Fair value measurements

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments measured to fair value on a recurring basis as of 31 December 2019 and 2018:

	2019			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments...	-	-	479,263,352	479,263,352

	2018			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments...	-	-	424,563,295	424,563,295

The Group recognized derivative financial liabilities related to the equity conversion rights in the convertible bonds as well as the equity conversion rights, warrant rights and funding rights in the convertible shareholder loans.

Convertible bonds

The fair value of the derivatives associated with the convertible bonds was 5.4 million and 10.6 million at 31 December 2019 and 2018, respectively. Changes in the fair value of the financial instruments during the period are recognized in the Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss.

The equity conversion features associated with the convertible bonds was determined using a lattice model that incorporated inputs as further described below. Probabilities associated with the timing of exercise and/or repayment of the instruments are determined based on all relevant internal and external information available and are reviewed and reassessed at each reporting date. The following table presents the assumptions that were used for the model in valuing the equity conversion rights:

	2019	2018
Stock price at valuation......................	$177.45	$177.68
Conversion ratio......................	0.387	0.387
Volatility rate......................	42.5%	40.0%
Risk-free interest rate......................	1.6%	2.5%
Expected dividend yield......................	0.0%	0.0%
Risk yield......................	15.2%	17.0%
Expected life......................	0.95-1.95 years	1.95-2.95 years

The stock price at valuation is based on the Group's equity valuation upon arms-length transactions that occurred in 2019 and 2018, respectively. The conversion ratio is a calculation based on the stated conversion price of each instrument. The volatility rate is based on historical data from a peer group of public companies with an enterprise value between 500 million and 5 billion. The risk-free interest rate is based on U.S. treasury yields corresponding to the expected life input into the pricing model. The expected dividend yield is based on the Group's expectations for annual dividends and indicated stock price. The risky yield is calculated as of the issuance date of the instruments such that the value of the instrument is equal to its purchase price less any original issue discount. It is then adjusted as of each valuation date based on changes in market yields. The expected life is based on when the Group expects the bond to either reach maturity or be redeemed through conversion or redemption.

26. Financial instruments (cont.)

Convertible shareholder loans

The fair value of the derivatives associated with the convertible shareholder loans is 452.3 million and 414 million at 31 December 2019 and 2018 respectively. Changes in the fair value of the financial instruments during the period are recognized in the Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss.

The fair value of the equity conversion rights and warrant rights associated with the convertible shareholder loans was determined using a lattice model that incorporated inputs as further described below. Probabilities associated with the timing of exercise and/or repayment of the instruments are determined based on all relevant internal and external information available and are reviewed and reassessed at each reporting date.

The following table presents the assumptions that were used for the model in valuing the equity conversion rights and warrant rights:

	2019	2018
Stock price at valuation	$177.45	$177.68
Conversion ratio	1.321	1.286
Volatility rate	42.5%	40.0%
Risk-free interest rate	1.6%	2.5%
Expected dividend yield	0.0%	0.0%
Risk yield	18.5%	19.4%
Expected life	1-3 years	2-4 years

The stock price at valuation is based on the Group's equity valuation upon arms-length transactions that occurred in 2019 and 2018, respectively. The conversion ratio is a calculation based on the stated conversion price of each instrument. The volatility rate is based on historical data from a peer group of public companies with an enterprise value between 500 million and 5 billion. The risk-free interest rate is based on U.S. treasury yields corresponding to the expected life input into the pricing model. The expected dividend yield is based on the Group's expectations for annual dividends and indicated stock price. The risky yield is calculated as of the issuance date of the instruments such that the value of the instrument is equal to its face value. It is then adjusted as of each valuation date based on changes in market yields. The expected life is based on when the Group expects the loans to either reach maturity or be redeemed through conversion or redemption.

The fair value of the funding rights and excess warrant rights associated with the convertible shareholder loans was determined using a Black-Scholes Option Pricing Model. The following table presents the assumptions that were used for the model in valuing the funding rights and excess warrant rights:

	2019	2018
Stock price at valuation	$177.45	$177.68
Conversion ratio	$75.68	$77.73
Volatility rate	42.5%	40.0%
Risk-free interest rate	1.6%	2.5%
Expected dividend yield	0.0%	0.0%
Risk yield	18.5%	19.4%
Expected life	1-3 years	2-4 years

26. Financial instruments (cont.)

The stock price at valuation is based on the Group's equity valuation upon arms-length transactions that occurred in 2019 and 2018, respectively. The strike price is based on the stated strike price of each instrument. The volatility rate is based on historical data from a peer group of public companies with an enterprise value between 500 million and 5 billion. The risk-free interest rate is based on U.S. treasury yields corresponding to the expected life input into the pricing model. The expected dividend yield is based on the Group's expectations for annual dividends and indicated stock price. The expected life is based on when the Group expects the loans to either reach maturity or be redeemed through conversion or redemption.

In aggregate, the fair value of the derivative liabilities associated with the convertible shareholder loans and convertible bonds at 31 December 2018 was 424.6 million. In 2019, the fair value of the derivative liabilities increased by 54.7 million, resulting in derivative liabilities of 479.3 million at 31 December 2019. Included in the changes in fair value of the derivative liabilities is the amortization of a deferred loss associated with the recognition of funding rights at the inception of the convertible shareholder loan with Aztiq. Specifically, at inception, the fair value of the funding rights, determined using unobservable inputs, exceeded the transaction price by 15.0 million. The deferred loss is recognized over the 5-year term of the convertible shareholder loan using the straight-line method of amortization. The unamortized deferred loss, which is netted against derivative financial liabilities on the consolidated statements of financial position was 8.9 million and 11.9 million as of 31 December 2019 and 2018, respectively.

The Group did not recognize any transfers of assets or liabilities between levels of the fair value hierarchy during the years ended 31 December 2019 and 2018.

26.2 Financial risk management

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, and interest rate risk), credit risk and liquidity risk.

26.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of fluctuations in market interest rates relates primarily to the cash in bank that is denominated with floating interest rates.

26. Financial instruments (cont.)

26.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to currency risk arises from financial assets and financial liabilities denominated in other currencies than the functional currency of the Company.

Majority of the Group's financial assets and liabilities are in foreign currency. Below are the foreign currencies that has the most effect on the Company's operation.

	Closing rate		**Average rate**		**Change**
Currency	2019	2018	2019	2018	2019
EUR	1.122	1.145	1.119	1.140	-2.0%
GBP	1.316	1.275	1.276	1.266	3.2%
ISK	0.01	0.01	0.008	0.008	-8.2%
CHF	1.033	1.016	1.007	1.010	1.7%
CNY	0.143	0.145	0.145	0.151	-1.4%

Currency risk 31.12.2019	Assets	Liabilities	Net
EUR	39,973,671	20,290,300	19,683,372
GBP	53,634	363,260	(309,626)
ISK	98,718,971	104,053,580	(5,334,609)
CHF	1,447,162	2,311,824	(864,662)

Currency risk 31.12.2018	Assets	Liabilities	Net
EUR	2,336,236	5,114,506	(2,778,270)
GBP	31,539	1,302,035	(1,270,496)
SEK	0	63,370	(63,370)
ISK	1,527,322	8,171,703	(6,644,381)
CHF	803,398	1,425,383	(621,986)

26.5 Credit risk

Credit risk is the risk that a counterparty will not fulfill its contractual obligations under a financial instrument contract, leading to a financial loss.

Maximum credit risk is as follows:	31.12.2019	31.12.2018
Cash and cash equivalents	67,402,995	52,252,345
Loan and receivables (includes related party)	55,531,355	13,158,027
	122,934,350	65,410,372

It is management estimate that the carrying amount of financial assets represents their maximum credit risk exposure.

26. Financial instruments (cont.)

26.6 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Financial liabilities 31.12.2019	Within one year	2021	2022+	Total
Non-interest bearing	33,734,749	0	22,293,000	56,027,749
Fixed interest bearing - Borrowings	4,008,596	4,161,652	568,969,410	577,139,658
Derivative liabilities	0	0	479,263,352	479,263,352
	37,743,345	4,161,652	1,070,525,762	1,112,430,759
Financial assets 31.12.2019				
Non-interest bearing	45,445,198	0	0	45,445,198
Variable interest bearing	67,402,995	0	10,086,157	77,489,152
	112,848,193	0	10,086,157	122,934,350
Net amount 31.12.2019	75,104,848	(4,161,652)	(1,060,439,605)	(989,496,409)

Financial liabilities 31.12.2018	Due within a year	2020	2021+	Total
Non-interest bearing	19,912,116	0	0	19,912,116
Fixed interest bearing	2,260,872	2,364,148	292,837,640	297,462,660
Derivative liabilities	0	0	424,563,295	424,563,295
	22,172,988	2,364,148	717,400,935	741,938,071
Financial assets 31.12.2018				
Non-interest bearing	406,375	0	0	406,375
Variable interest bearing	54,999,157	0	10,004,840	65,003,997
	55,405,532	0	10,004,840	65,410,372
Net amount 31.12.2018	33,232,544	(2,364,148)	(707,396,095)	(676,527,699)

27. Restatement of previously issued Consolidated Financial Statements

As discussed in note 2.2, the Group has restated its previously issued Consolidated Financial Statements as of and for the years ended 31 December 2019 and 31 December 2018.

The following errors caused the Group to conclude that its Consolidated Financial Statements should be restated.

Accounting for the joint venture – As described in Note 24, the Group entered into a joint venture agreement to form JVCO in September 2018. JVCO was incorporated and began operations on 11 March 2019. The Group holds a 50% ownership interest in JVCO, which equals the Group's proportion of voting rights in JVCO and representation on the Board of Directors of JVCO. At the inception of the joint venture agreement, the Group incorrectly determined that it had the practical ability to direct the relevant activities of JVCO, thus resulting in the conclusion that the Group controlled JVCO. As a result, the Group classified JVCO as a subsidiary and consolidated JVCO's assets, liabilities and results of operations within the Group's Consolidated Financial Statements. See Notes 2.6 and 24 for additional information regarding the joint venture.

The Group determined that the Consolidated Financial Statements should be restated to reflect the joint venture as an unconsolidated equity method investment rather than as a consolidated subsidiary because the Group does not control JVCO. The restatement adjustments reflect the de-consolidation of JVCO's results of operations and the removal of non-controlling interest. Under equity method accounting, the restatement adjustments reflect the Group's investment in the joint venture in the Consolidated Statements of Financial Position and the Group's share of net losses of the joint venture in the Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss. The Group previously presented the components of profit or loss and other comprehensive income or loss as amounts attributable to owners of the Company and amounts attributable to non-controlling interests. These components are no longer presented in the Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss nor in the Consolidated Statements of changes in Equity in the Revised Consolidated Financial Statements. Adjustments related to the correction of the accounting for the joint venture are included in the "Adjustments (JVCO)" column in the reconciliation below. There are no restatement adjustments associated with the joint venture in 2018 as JVCO began operations in 2019 and was not funded by the Group and its joint venture partner until 2019.

Accounting for derivative financial liabilities - As described in Note 26, the Group entered into Convertible Shareholder Loans and Convertible Bonds in December 2017 and December 2018, respectively. As part of the borrowing agreements, the lenders were granted certain conversion rights, warrant rights and additional funding rights. The Group did not appropriately assess these embedded features as derivative financial liabilities requiring separate accounting treatment from the host borrowings. See Notes 19 and 26 for additional information regarding the Convertible Shareholder Loans and the Convertible Bonds.

The Group determined that the Consolidated Financial Statements should be restated to record the derivative financial liabilities and to reduce the initial carrying amounts of the Convertible Bonds and the Convertible Shareholder Loans by the fair values of the respective derivatives at the inception of each borrowing agreement. The restatement adjustments reflect the recognition of the derivative financial liabilities in the Consolidated Statements of Financial Position as well as changes in the fair value of the derivative financial liabilities in the Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss. The restatement adjustments also reflect a reduction in the initial carrying amounts of the borrowings in the Consolidated statements of Financial Position as well as accretion of the borrowings in the Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss.

In addition, the Group evaluated the impact of the aforementioned restatement items on its share appreciation right liability due to certain employees. As a result, the Group restated its Consolidated Financial Statements to reduce the outstanding liabilities in the Consolidated Statements of Financial Position and reflect the corresponding changes in fair value of the outstanding liabilities in its Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss.

The effect of the rights mentioned above resulted in a net change in finance charge of $75.6 million (2018 $355.9 million) which includes a fair value gain of $5.2 million (2018 $0.0 million), fair value loss of $59.9 million (2018 $362.5 million) and change in interest on debt and borrowings of $20.9 million (2018 -$6.6 million) because of change in amortized cost of borrowings.

Adjustments related to the correction of the accounting for the derivative financial liabilities, including the resulting impact to borrowings and share appreciation right liabilities, are included in the "Adjustments (Derivatives)" column in the reconciliation below.

27. Restatement of previously issued Consolidated Financial Statements (cont.)

In addition, certain information within the notes to the Consolidated Financial Statements has been restated to reflect these corrections as well as provide additional disclosure.

The following presents a reconciliation of the Consolidated Financial Statements as previously reported to the restated amounts as of and for the years ended 31 December 2019 and 31 December 2018.

Restatement of 2018 numbers does not impact the 2018 cash flow and therefore is not presented.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019

	As previously reported	*Adjustments (JVCO)*	*Adjustments (Derivatives)*	*As restated*
Revenue	31,917,871	0	0	31,917,871
Other income	48,692,199	0	0	48,692,199
Project expenses	(44,877,920)	0	0	(44,877,920)
Salaries and other employee expenses	(75,234,523)	774,944	6,127,000	(68,332,579)
Facility expenses	(6,833,260)	119,676	0	(6,713,584)
Other operating expenses	(7,947,440)	419,684	0	(7,527,756)
Depreciation and amortization	(14,615,781)	9,248	0	(14,606,533)
Operating loss	(68,898,854)	1,323,552	6,127,000	(61,448,302)
Share of net loss of joint venture	0	(192,092)	0	(192,092)
Finance income	2,499,140	(760,654)	5,193,608	6,932,094
Finance costs	(77,673,225)	0	(80,793,838)	(158,467,063)
Exchange rate difference	3,968,376	(178,713)	0	3,789,663
Non-operating loss	(71,205,709)	(1,131,459)	(75,600,230)	(147,937,398)
Loss before taxes	(140,104,563)	192,093	(69,473,230)	(209,385,700)
Income tax expense	(491,337)	0	0	(491,337)
Loss of the year	(140,595,900)	192,093	(69,473,230)	(209,877,037)
Other comprehensive income				
Item that will subsequently be reclassified to profit or loss:				
Foreign operations - translation reserve	(1,468,181)	0	0	(1,468,181)
Total comprehensive loss	(142,064,081)	192,093	(69,473,230)	(211,345,218)

27. Restatement of previously issued Consolidated Financial Statements (cont.)

Consolidated Statement of Financial Position at 31 December 2019

	As previously reported	*Adjustments (JVCO)*	*Adjustments (Derivatives)*	*As restated*
Non-current assets				
Property, plant and equipment	76,077,203	(7,201,667)	0	68,875,536
Right of use assets	102,072,049	0	0	102,072,049
Goodwill	12,226,449	0	0	12,226,449
Other intangible assets	48,425,628	(45,329,196)	0	3,096,432
Contract assets	1,689,320	0	0	1,689,320
Investments in joint venture	0	54,020,027	0	54,020,027
Restricted cash	10,086,157	0	0	10,086,157
Total non-current assets	250,576,806	1,489,164	0	252,065,970
Current assets				
Inventories	6,390,582	0	0	6,390,582
Trade receivables	22,353,399	0	0	22,353,399
Contract assets	21,367,333	0	0	21,367,333
Other receivables	55,036,458	(50,124,614)	0	4,911,844
Receivables from related parties	35,146	0	0	35,146
Cash and cash equivalents	112,818,690	(45,415,695)	0	67,402,995
Total current assets	218,001,608	(95,540,309)	0	122,461,299
Total assets	468,578,414	(94,051,145)	0	374,527,269

27. Restatement of previously issued Consolidated Financial Statements (cont.)

	As previously reported	*Adjustments (JVCO)*	*Adjustments (Derivatives)*	*As restated*
Equity				
Share capital	69,371	0	0	69,371
Share premium	102,358,959	0	0	102,358,959
Foreign currency translation reserves	(980,195)	0	0	(980,195)
Accumulated deficit	(443,364,906)	0	(425,621,642)	(868,986,548)
Equity attributable to owners of the Company	(341,916,771)	0	(425,621,642)	(767,538,413)
Non-controlling interest	98,743,001	(98,743,001)	0	0
Total Equity	(243,173,770)	(98,743,001)	(425,621,642)	(767,538,413)
Non-current liabilities				
Borrowings	520,802,048	0	(47,514,709)	473,287,339
Derivative financial liabilities	0	0	479,263,352	479,263,352
Obligations under leases	97,286,880	0	0	97,286,880
Long term incentive plan	28,420,000	0	(6,127,000)	22,293,000
Deferred revenues	15,470,666	0	0	15,470,666
Deferred tax liability	326,586	0	0	326,586
Total Non-current liabilities	662,306,180	0	425,621,642	1,087,927,823
Current liabilities				
Trade and other payables	11,835,303	(102,892)	0	11,732,411
Obligations under leases	4,507,435	0	0	4,507,435
Current maturities of borrowings	2,319,402	0	0	2,319,402
Liabilities to related parties	5,780,113	5,000,000	0	10,780,113
Deferred revenues	13,576,273	0	0	13,576,273
Other current liabilities	11,427,478	(205,253)	0	11,222,225
Total current Liabilities	49,446,004	4,691,856	0	54,137,859
Total Liabilities	711,752,184	4,691,856	425,621,642	1,142,065,682
Total equity and Liabilities	468,578,414	(94,051,145)	(0)	374,527,269

27. Restatement of previously issued Consolidated Financial Statements (cont.)

Consolidated Statement of Cash Flows for the year ended 31 December 2019

	As previously reported	*Adjustments (JVCO)*	*Adjustments (Derivatives)*	*As restated*
Operating activities				
Operating loss	(68,898,854)	1,323,552	6,127,000	(61,448,302)
Sales gain of intellectual property	(45,000,000)	0	0	(45,000,000)
Long term incentive plan	28,420,000	0	(6,127,000)	22,293,000
Depreciation and amortization	14,615,781	(9,248)	0	14,606,533
Operating cash flow before movement in WC	(70,863,073)	1,314,304	0	(69,548,769)
(Increase) / Decrease in inventories	(4,162,769)	0	0	(4,162,769)
(Increase) / Decrease in operating assets	(47,126,119)	(65,260)	0	(47,191,379)
Increase / (Decrease) in operating liabilities	41,082,209	(2,126,529)	0	38,955,680
Cash used in operating activities	(81,069,752)	(877,485)	0	(81,947,237)
Interest received	2,417,823	(760,654)	0	1,657,169
Interest paid	(6,487,593)	0	0	(6,487,593)
Income tax paid	(425,172)	(0)	0	(425,172)
Net cash used in operating activities	(85,564,694)	(1,638,139)	0	(87,202,833)
Investing activities				
Acquisition of property, plant and equipment	(15,842,279)	7,293,419	0	(8,548,860)
Disposal of property, plant and equipment	175,615	0	0	175,615
Acquisition of intangible assets	(1,182,061)	333,364	0	(848,697)
Investment in joint venture	0	(5,000,000)	0	(5,000,000)
Net cash used in investing activities	(16,848,725)	2,626,783	0	(14,221,942)
Financing activities				
Repayments of borrowings	(27,052,660)	0	0	(27,052,660)
Reimbursement of lease liability	(3,840,875)	0	0	(3,840,875)
Net proceeds from new borrowings	113,825,000	0	0	113,825,000
Change in restricted cash	2,746,812	0	0	2,746,812
Proceeds on issue of equity shares	30,692,002	0	0	30,692,002
Joint venture - CCHN contribution	50,000,000	(50,000,000)	0	0
Change in liabilities from related parties	(1,875,147)	1,875,147	0	0
Net cash generated from financing activities	164,495,132	(48,124,853)	0	116,370,279
Increase in cash and cash equivalents	62,081,713	(47,136,209)	0	14,945,504
Cash and cash equivalents at the beginning of the year	52,252,345	0	0	52,252,345
Effect of movements in exchange rates on cash held	(1,515,368)	1,720,514	0	205,146
Cash and cash equivalents at the end of the year	112,818,690	(45,415,695)	0	67,402,995

27. Restatement of previously issued Consolidated Financial Statements (cont.)

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018

	As previously reported	*Adjustments (Derivatives)*	*As restated*
Revenue	0	0	0
Other income	3,064,692	0	3,064,692
Project expenses	(19,389,870)	0	(19,389,870)
Salaries and other employee expenses	(38,779,269)	0	(38,779,269)
Facility expenses	(16,759,274)	0	(16,759,274)
Other operating expenses	(4,581,917)	0	(4,581,917)
Depreciation and amortization	(9,866,381)	0	(9,866,381)
Operating loss	(86,312,019)	0	(86,312,019)
Finance income	257,571	0	257,571
Finance costs	(47,613,592)	(355,931,819)	(403,545,411)
Exchange rate difference	735,717	0	735,717
Non-operating loss	(46,620,304)	(355,931,819)	(402,552,123)
Loss before taxes	(132,932,323)	(355,931,819)	(488,864,142)
Income tax expense	(224,605)	0	(224,605)
Loss of the year	(133,156,928)	(355,931,819)	(489,088,747)
Other comprehensive income			
Item that will subsequently be reclassified to profit or loss:			
Foreign operations - foreign currency translation differences	(786,945)	0	(786,945)
Total comprehensive loss	(133,943,873)	(355,931,819)	(489,875,692)

27. Restatement of previously issued Consolidated Financial Statements (cont.)

Consolidated Statement of Financial Position at 31 December 2018

	As previously reported	*Adjustments (Derivatives)*	*As restated*
Non-current assets			
Property, plant and equipment	68,170,394	0	68,170,394
Goodwill	12,497,172	0	12,497,172
Other intangible assets	3,192,510	0	3,192,510
Restricted cash	10,004,840	0	10,004,840
Total non-current assets	93,864,916	0	93,864,916
Current assets			
Inventories	2,227,813	0	2,227,813
Trade receivables	406,375	0	406,375
Other receivables	2,625,135	0	2,625,135
Restricted cash	2,746,812	0	2,746,812
Cash and cash equivalents	52,252,345	0	52,252,345
Total current assets	60,258,480	0	60,258,480
Total assets	154,123,396	0	154,123,396

27. Restatement of previously issued Consolidated Financial Statements (cont.)

	As previously reported	*Adjustments (Derivatives)*	*As restated*
Equity			
Share capital	67,538	0	67,538
Share premium	70,123,529	0	70,123,529
Foreign currency translation reserves	487,986	0	487,986
Accumulated deficit	(302,961,098)	(356,148,413)	(659,109,511)
Equity attributable to owners of the Company	(232,282,045)	(356,148,413)	(588,430,458)
Non-controlling interest	0	0	0
Total Equity	(232,282,045)	(356,148,413)	(588,430,458)
Non-current liabilities			
Borrowings	363,506,408	(68,414,882)	295,091,526
Derivative financial liabilities	0	424,563,295	424,563,295
Obligations under leases	360,259	0	360,259
Deferred tax liability	365,786	0	365,786
Total Non-current liabilities	364,232,453	356,148,413	720,380,866
Current liabilities			
Trade and other payables	4,764,295	0	4,764,295
Obligations under leases	195,174	0	195,174
Current maturities of borrowings	2,065,698	0	2,065,698
Liabilities to related parties	7,620,114	0	7,620,114
Other current liabilities	7,527,707	0	7,527,707
Total current Liabilities	22,172,988	0	22,172,988
Total Liabilities	386,405,441	356,148,413	742,553,854
Total equity and Liabilities	154,123,396	0	154,123,396

28. Other matters

During the last quarter of 2019, the Company closed on a primary equity issuance to YAS Holding LLC for 30 million, and a further 1 million to executive members of the YAS Holding team.

29. Subsequent events

On 30 June 2020, Alvogen provided another convertible loan to the Group for 30.0 million, which was convertible into Class A ordinary shares at Alvogen's option. Alvogen exercised its conversion right on 21 October 2020 in connection with the issuance of ordinary shares through a private placement offering.

On 21 October 2020, Aztiq assigned and transferred 23.1 million of the principal amount outstanding under its convertible shareholder loans to four new lenders and Alvogen. Concurrently, the new lenders also became new shareholders as a result of their participation in the aforementioned private placement offering.

In March 2021, Alvotech Holdings SA has closed the remaining 35 million of its private placement round. As part of this second closing, Alvotech Holdings SA has increased its share capital from 72,591.39 represented by 7,163,438 class A ordinary shares and 95,701 class B shares with a nominal value of USD 0.01 each, by an amount of 1,734.27 up to 74,325.66 through the issuance of 173,427 new class A ordinary shares.

On 15 March 2021, Aztiq assigned and transferred an additional 17.5 million of the principal amount outstanding under its convertible shareholder loans to five existing lenders, including Alvogen. The Group's rights and obligations with respect to the transferred borrowings did not change as a result of the transfer.

On 24 June 2021, holders of the Group's convertible bonds converted 100.7 million of principal and accrued interest. In connection with this transaction, 455,687 Class A ordinary shares were issued. The holders agreed to waive their conversion rights on the remaining outstanding bonds and agreed to extend the maturity of the bonds to 2025, among other amendments to the terms and conditions. In addition, the Group issued additional bonds in the amount of 113.8 million to two third-party bondholders.

In August and September of 2021, Alvogen, a holder of the convertible shareholder loans, exercised its warrant rights to purchase Class A Ordinary Shares. As a result of exercising the warrant rights, the Group issued 1,051,767 Class A Ordinary Shares in exchange for 70 million in cash.

30. Going concern

Alvotech Holdings equity at year end 2019 is negative 767.5 million which is mainly related to the current year net loss of 209.9 million and prior year net loss of 489.1 million. This may cast a doubt on the Company's ability to continue on a going concern basis. The Alvotech Holdings business plan is based on developing biosimilar products over the next several years prior to launches occuring in major global markets. Financing of the Company during the development phase will come from several sources including shareholder equity, as well as shareholder and third party debt financing. During the last quarter of 2019, the Company engaged Morgan Stanley, Goldman Sachs and HSBC to lead a pre IPO funding process, with a target raise of 150-200 million. In January 2020 this process was launched to a limited number of potential investors, and in February 2020 it was launched more broadly. The transaction is contemplated to close in the second quarter of 2020. Net proceeds after fees and expenses are estimated to be 185 million.

Management is of the opinion that this restatement has no effect on the going concern of the Group as this adjustment resulted from the fact that the conversion rights were in the money, which will result in the shareholders loans being converted upon or before the IPO.