

PPD Global Ltd
Annual report and financial statements
for the year ended 31 December 2022

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PPD Global Ltd

Annual report and financial statements for the year ended 31 December 2022

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PPD Global Ltd

Strategic report for the year ended 31 December 2022

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2022.

PPD Global Ltd is part of the holding company PPD Inc.'s worldwide group called the "PPD Inc. Group" in these financial statements and in turn part of Thermo Fisher Scientific Inc.'s worldwide group.

During the year, the Directors performed a reassessment of the Company's functional currency, concluding that the currency that mainly influences both services and the costs of providing these services has been the USD since on or before 1 January 2020. In accordance with FRS 102 Section 30 the balances and results disclosed previously in GBP in the 2021 financial statements have been restated using USD as the functional and presentation currency (see notes 1, 2, and 27).

Principal activity

We are a leading provider of drug development services to the biopharmaceutical industry, focused on helping our customers bring their medicines and other treatments to patients around the world. We have been in the drug development services business for 40 years, providing a comprehensive suite of clinical development and laboratory services to pharmaceutical, biotechnology, medical device and government organizations, as well as other industry participants generating evidence to support the approval of, and maximise the value and access to, new medicines for the treatment of human disease. We have deep experience across a broad range of rapidly growing areas of the drug development industry and engage with our customers through a variety of commercial models, including both full-service and functional service partnerships and other offerings tailored to address the specific needs of our customers.

Our purpose and mission are to improve health by helping our customers deliver life changing therapies which we achieve through our strategy of reducing the time taken to develop these therapies and cost involved with drug development to optimize value for our customers. This is carried out through our branches in Austria, Ghana, Greece, Israel, Kenya, Portugal, New Zealand, Turkey, and in the United Kingdom, and includes clinical trial design and management, data collection, biostatistical analysis and product registration support.

We have developed significant expertise in the design and execution of complex global clinical trials, a result of conducting studies on global, national, regional and local levels across a wide spectrum of therapeutic areas. Our customers entrust us to design, execute and deliver results on some of the most critical aspects of the drug development process for the key assets in their pipelines.

We provide full service protocol management for Phases II-IV clinical research studies for investigational new drugs, biologics and medical devices. The core of our Clinical Development Services offering is a comprehensive global suite of services for Phases II-IV clinical trials. These services include:

- Protocol design;
- Clinical trial strategic feasibility and investigator site selection;
- Project management;
- Site study startup activities;
- Patient recruitment;
- Clinical monitoring and data capture;
- Data management;
- Biostatistics;
- Safety medical monitoring/pharmacovigilance;
- Regulatory affairs;
- Medical writing;
- Global clinical supplies;
- eClinical services;
- Quality assurance; and
- Virtual and digitally enabled trial solutions.

We have extensive expertise and experience in numerous therapeutic areas, including oncology/hematology, infectious diseases, vaccines, respiratory diseases, metabolic/endocrine, neuroscience, pediatric, cardiovascular, analgesia, gastroenterology, rare diseases, and general medicine including chronic ambulatory conditions.

PPD Global Ltd

Strategic report (continued)

Review of business

Our revenues depend on a relatively small number of industries and clients. As a result, we closely monitor the market for our services. The drug development process involves the testing of drug candidates to demonstrate safety and efficacy in order to meet regulatory requirements. Developing new drugs for the treatment of human disease is an extremely expensive, complex, high-risk and time-consuming process. Bringing a new drug or medical device to market can take up to 15 years and cost \$2.5 billion or more.

The drug development process consists of two stages: pre-clinical and clinical. In the pre-clinical stage, the new drug candidate is tested in vitro and in vivo in animals, generally over a one- to three-year period, to assess and optimize potential use in humans. After successful pre-clinical testing and receipt of required regulatory authorizations, the new drug candidate can be advanced to the clinical development stage, which involves testing in humans. We do not participate in the pre-clinical market.

The clinical stage is the most time-consuming and expensive part of the drug development process. In the context of the U.S. or European regulatory framework, during the clinical stage, the drug candidate undergoes a series of tests in humans, including healthy volunteers, as well as participants with the targeted disease or condition. Human trials usually start on a small scale to assess safety, efficacy and dosage (Phase I-II) and then expand to larger trials (Phase III) to test efficacy and safety in the target population. Phase IV, or post-approval clinical trials, involve monitoring or verifying the risks and benefits of a drug product. Real-world data and evidence studies, meaning data and evidence gathered outside of the context of clinical trials, are often used to assess usage, potential benefits or risks, safety, effectiveness and health economics to achieve successful market access and product uptake. The clinical drug development process and regulatory frameworks in other countries can vary from this framework, but in many ways are substantially similar.

We believe there are five key trends affecting our end markets that will create increasing demand for our offering of services:

- Growth in R&D spending. Biopharmaceutical companies must continually invest in drug development in order to create innovative new therapies or use existing drugs to treat new indications, to address unmet medical needs and to replace lost revenues when their currently marketed drugs lose patent protection.
- Increased levels of outsourcing by biopharmaceutical companies. As biopharmaceutical companies continue to seek ways to reduce clinical development costs and focus resources on core competencies, we believe they will continue to increase the amount of clinical development work they outsource to Clinical Research Organizations (“CROs”). Drivers of increased outsourcing include:
 - biopharmaceutical companies’ desire for flexible cost structures and focus on core competencies;
 - experience, expertise, capability and value provided by CROs;
 - difficulty conducting large, global and complex clinical trials required by the current regulatory environment;
 - ability to generate real-world data and evidence; and
 - desire to address declining R&D productivity by utilizing more efficient means of conducting clinical trials.
- Increased complexity in clinical development. Clinical trials continue to increase in complexity due to a confluence of factors including, but not limited to, (i) new therapeutic modalities, (ii) the collection of more clinical trial endpoints, (iii) more specific patient inclusion/exclusion criteria, (iv) ever-changing regulatory requirements and (v) an expansion of evidence generation methods, such as electronic patient-reported outcomes and virtual clinical trials. All of these factors result in more complex trial design, challenges in enrolling protocol-eligible patients, longer duration of clinical trials and greater overall clinical trial cost. As a result, we expect biopharmaceutical companies to increasingly seek partners that have the experience and expertise to conduct cost-effective clinical studies. In particular, we believe large CROs who possess scale, geographic reach and differentiated capabilities to manage the complexity of clinical trials will continue to grow at a higher rate and take market share versus the overall industry.

PPD Global Ltd

Strategic report (continued)

- **Biotechnology sector growth.** The U.S. biotechnology sector has grown rapidly over the last decade and has emerged as a key customer segment for the drug development services industry. The rate of biotechnology companies' R&D spending growth has been higher than that of traditional pharmaceutical companies in recent years. This has largely been fueled by a robust funding environment, both public and private. Many biotechnology companies are smaller, discovery research-focused organizations that do not find it economically attractive to invest in the infrastructure and personnel necessary to conduct their clinical development programs on their own, and we believe they will continue to rely on CROs, like us, for their global drug development needs.
- **Increasing importance to prove value of new therapies.** As participants in the healthcare industry are increasingly focused on managing costs, biopharmaceutical companies need to find alternatives to align market constituents on the value of their treatments. The ability to perform pre- and post-approval studies to transform real-world data (such as medical claims data or electronic medical records) into real-world evidence provides biopharmaceutical companies a solution to quantify the value of new therapies to market constituents. Real-world data and evidence enable biopharmaceutical companies to develop better therapies and optimize the commercial potential of their new therapies. With increased R&D activity and competition among newly approved therapies in similar indications, we anticipate the continued adoption of real-world data and evidence to demonstrate the value of new medicines.

The drug development services industry is highly competitive, consisting of hundreds of small, limited-scope service providers and a limited number of large full-service global development companies. While the industry has seen an increasing level of consolidation over the past several years, largely driven by the larger full-service providers, it remains highly fragmented. We compete primarily with a small number of other global, full-service CROs, although we also compete against small and medium-sized niche CROs, in-house R&D departments of biopharmaceutical companies, universities, and teaching hospitals.

We believe we are well-positioned to serve the global biopharmaceutical industry in obtaining the approval for, and maximizing the market access and value of, their new medicines. We differentiate ourselves from others in our industry through our competitive strengths, which include:

Leading Drug Development Expertise with Scale and a Long Track Record of Excellence

We are one of the world's largest providers of clinical development services, with the scale to leverage investments in capabilities and innovative solutions to serve the increasingly complex and diverse needs across our extensive customer base. We have developed our scale, capabilities and track record of quality and innovation over our history, earning us a reputation as a leading global partner to the most sophisticated biopharmaceutical companies. We believe the combination of our scale, expertise, track record and innovative offerings positions us to continue to grow and take market share within the industry.

Differentiated Clinical Development Services

Building on our solid foundation, we have invested to further strengthen our competitive position through differentiated clinical development solutions designed to address our customers' needs and bend the time and cost curve of their clinical trials. Our key investments improve trial feasibility, shorten study start-up timelines, accelerate enrollment, improve site performance, reduce the time and cost of monitoring trial sites and establish the value of new medicines. We have leveraged these and other capabilities during the COVID-19 pandemic to mitigate challenges posed to clinical trials and progress research for our customers.

Comprehensive and Growing Laboratory Services

We partner with fellow PPD Inc group companies that operate an integrated and scaled suite of laboratory services. We offer a range of high-value, advanced testing services. We believe our scientific employee base with advanced degrees provides us with a competitive advantage. We also believe we are differentiated from other laboratory providers by our global scale and the comprehensiveness of our service offering and focus on servicing the research needs of the biopharmaceutical industry. The ability to integrate patient data from the clinical trial and associated laboratory results has also contributed to increased customer wallet share. Our laboratory facilities have repeatedly been successfully audited by customers and regulatory authorities, and our track record of quality has significant reputational value.

PPD Global Ltd

Strategic report (continued)

Large and Growing Diversified Customer Base

Our leading capabilities are evidenced by the quality, scale and diversity of our customers. Over the past five years, we have provided services to all of the top 50 biopharmaceutical companies in the world, as ranked by R&D spending, small and mid-size pharmaceutical companies and over 300 biotechnology customers as well as government, academic and non-profit organizations. We have long-standing relationships with our customers and these relationships tend to have larger and longer-term contracts, which provide stability and visibility to our revenues. In addition, our customer base continues to grow and is very diverse, spanning key geographies, therapeutic areas and clinical stages of development. This diversity enables us to continuously develop and refine our expertise and enhance our ability to bend the cost and time curve of drug development and optimize value for our customers.

Experienced, Highly Technical Organization with a Culture of Excellence and Industry-Leading Retention

We are led by an experienced and talented team of individuals who collectively have extensive experience in the CRO and biopharmaceutical industries and have first-hand knowledge of the challenges our customers face. We believe the technical and therapeutic expertise of our dedicated employees provides us with a competitive advantage. In recent years, we have made significant investments to build capabilities to effectively recruit, train, develop and retain talented individuals and teams. Our consistent focus on talent and culture has contributed to both overall retention and retention in key operational roles, such as project managers, that is significantly ahead of industry averages.

Disciplined Operational and Financial Approach

We have strategically oriented our business towards the largest and highest growth areas of the drug development services market, including key therapeutic areas, the biotechnology end market and peri- and post approval services, in order to position ourselves to win high value-add business. Our operating model is focused on providing our customers with a mix of full-service contracts and select functional service provider ("FSP") commercial arrangements in differentiated value-add areas. We have also leveraged our track record of operational discipline and expertise around contract pricing and backlog policy to create a highly visible and stable revenue base. Furthermore, we have focused our operations on key initiatives, including optimal utilization of billable staff and prudent cost management. We believe our strong financial profile demonstrates the quality and efficiency of our operating model and positions us for continued growth.

During 2022 we continued to benefit from corporate growth strategy initiatives, in particular to:

- Further strengthen our offerings in existing and new markets, including Japan and China, two countries of increasingly strategic importance for drug development programs.
- Expand leading therapeutic expertise in existing and novel areas.
- Build upon our existing dedicated Biotech offering.
- Increase use of our innovative site network and patient enrollment platform.
- Capitalize on our growing laboratory capabilities.
- Continue to invest in innovation such as remote site monitoring and digitally enabled patient engagement capabilities.

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Strategic report (continued)

Turnover increased over the prior year to \$2,241 million (2021: \$1,961 million) as the company has continued to increase its delivery of services to customers year on year. The profit and loss account for the year is set out on page 18.

Cost of Sales increased to \$1,735 million (2021: \$1,517 million). Cost of Sales represent costs for providing services to customers and include labor-related costs, such as compensation and benefits for employees providing services; an allocation of facility and information technology costs; payments to investigators; supply costs; costs for certain media-related services for patient recruitment; stock-based compensation expense; other overhead costs and offsetting R&D incentive credits. Also included are fees payable to affiliated members of the PPD Inc Group for their help in delivering on the Company's promises to customers. Cost of Sales typically increase or decrease with changes in revenue and fluctuate from period to period as a percentage of revenue due to project labor mix, the type of services, changes to the timing of work performed and project inefficiencies, among other factors. In 2022, fees paid to affiliates for their assistance in delivering services to customers increased, partly due to an increase in the work performed by their staff, and partly due to an increase in payments made to Investigators on behalf of the Company.

Gross profit increased to \$506 million (2021: \$445 million) an increase of \$61 million over the prior year. The movement in gross profit is in line with the expectations of the company's stakeholders and the directors expect further increases during 2023 to be dependent on the principal risk and uncertainties.

Administrative expenses decreased to \$39 million (2021: \$106 million). Administrative expenses represent compensation and benefits for employees performing administrative tasks; stock-based compensation expense; sales, marketing and promotional expenses; employee recruiting and relocation expenses; employee training costs; travel costs; an allocation of facility and information technology costs and other overhead costs. Also included is depreciation and the amortization of intangible assets. In 2021, Administrative expenses included a non-recurring charge of \$25 million for an accelerated charge as a result of the cancellation of the 2017 Eagle I Incentive Plan (c.f. note 11).

A profit before taxation was made of \$480 million (2021: \$337 million). Net current assets increased to \$1,035 million (2021: \$543 million) primarily due to an increase in cash.

We assess our liquidity in terms of our ability to generate adequate amounts of cash to meet current and future needs. We have historically funded our operations with cash flows from operations. Our expected primary cash uses on a short-term and long-term basis are for working capital, capital expenditures, geographic or service offering expansion and the payment of dividends to our shareholders. In 2022 we did not pay a cash dividend (2021: \$250m).

The company had an average of 2,174 employees during 2022 (2021: 1,844 employees). The company had year end cash balances of \$793 million (2021: \$124 million) and the balance sheet on page 18 of these financial statements shows the company's full financial position at that date.

The directors are not aware, at the date of this report, of any planned significant changes in the company's activities in the next twelve months. The company has a number of long term contracts with customers and suppliers operating across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The directors consider the gross and operating profit margins to be key performance indicators. The gross profit margin was 23% in 2022 (2021: 23%). The operating profit was 21% in 2022 (2021: 19%).

On 8 December 2021, the company's ultimate parent company PPD, Inc. was acquired by Thermo Fisher Scientific Inc.

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Strategic report (continued)

Section 172(1) statement

The directors of the company must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006 which is summarised as follows:

'Each director of the company has acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct,
- the need to act fairly as between members of the company.'

As part of the director induction process, a director is briefed on their duties and they can access professional advice on these from the company secretary. The following paragraphs summarise how the directors fulfil their duties.

Improving health - Our purpose is to improve health. As a global provider of clinical development and laboratory services, focused on operation excellence, we improve health by helping customers deliver life-changing medicines and this forms the foundation of our commitment to our customers and patients around the world. Our patients are always at the heart of our work. Through ongoing innovation, we make it more efficient for patients and physicians to participate in clinical trials. We deploy an exceptional span and quality of solutions to demonstrate the effectiveness, safety and value of promising drugs.

Commitment to Ethics and Integrity - Operating ethically and with integrity is at the core of our culture. The PPD Inc. group has a long history of acting honestly, complying with laws and regulations, following policies and adhering to high ethical standards. Our commitment to strong ethical behaviour is outlined in our Code of Conduct. Our anti-corruption compliance policy outlines and defines our requirements and expectations regarding bribery and corruption. Together these two important documents provide important guidelines for how we conduct ourselves as employees and how we operate our company.

Risk management - As we continue to grow our business our risk environment also becomes more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face and that we continue to evolve our approach to risk management. For details of our principal risks and uncertainties and how we manage those risks, please refer to the principal risks section within the Strategic Report.

Business relationships - Our mission is to enable our customers to make the world healthier, cleaner and safer and as a result of this mission we have created a culture where our customers come first. Part of our business strategy is to continue to strengthen our company to be the partner customers rely on to help them achieve their goals. This is achieved through delivering a unique value proposition to our customers. As a company, we place great importance on building and maintaining strong relationships with our suppliers. The company is committed to meeting payment terms agreed with suppliers and we seek to resolve queries in an efficient and professional manner.

Our colleagues - None of our accomplishments would be possible without our team. Inspired by our mission, and grounded by our 4i values (integrity, intensity, innovation and involvement) this motivates our team to bring their best every day. It also helps us to attract and retain talent which is critical to our future. We invest in our colleagues through numerous development programs that enrich their individual experiences, stress the importance of teams and build skills that set them up for success. The Company participates in an employee engagement survey on at least a triennial basis to receive feedback from this key stakeholder and updates employees on the latest developments impacting the through regular e-mail notifications and company-wide meetings.

PPD Global Ltd

Strategic report (continued)

Community and environment - Our Mission is to enable our customers to make the world healthier, cleaner and safer. One way that we fulfil our Mission is by being a socially responsible community partner. Our giving strategy includes educational programs, colleague donations and volunteering. Our signature STEM education programs connect students and colleagues through hands on and team based activities that highlight our technologies, make connections to careers in STEM and demonstrate how our company impacts the world. To promote the generous spirit of our colleagues, our Charitable Giving Program provides a platform that allows them to contribute to causes that they feel passionately about. Through the program, employees can make direct donations to a charity of their choice, create a fundraiser - gathering greater support for a cause, or contribute to support a disaster relief campaign. Through our Employee Matching Gift program, we help employees make an even bigger impact by matching their contribution to eligible charities by 50%. We feel it is important to support our community, throughout the year we encourage employees to take part in volunteering and charity events where our employees, together with our charity partners, take part in hands on volunteering. The company is a part of Thermo Fisher Scientific Inc.'s global strategy to reduce our carbon footprint by 30% by 2030. As part of this global initiative, we are committed to reviewing and reducing greenhouse gas emissions.

The directors oversee the management of the business and affairs of the company in a manner consistent with the above and the best interests of the Company and its stockholders, and also in accordance with applicable laws and regulations. In this oversight role, the directors serve as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the stockholders. The directors participate fully in the decision making processes of the PPD Inc. group and make use of the many resources available to help them manage the company's activities.

Principal risk and uncertainties

The principal risks and uncertainties for the company are:

Inflation – The company may incur unexpected costs from increases in services prices driven by inflation, which could reduce our earnings and cash flows. Our primary service expenses that are variable are for staff costs and we made two inflation adjusting payments to our employees during 2022. The company has limited exposure to fluctuations in energy prices and therefore these would have minimal impact on the company's results. While we may seek to minimize the impact of cost increases through various cost-saving measures and existing contractual terms and further negotiations with customers, our earnings and cash flows could be adversely affected in the event these measures are insufficient to cover our costs.

United Kingdom's vote to exit the European Union - The EU-UK Trade and Cooperation Agreement was formally approved by the U.K. parliament on December 30, 2020 and was formally ratified by the European Union parliament on 30 April 2021 and effective from 1 May 2021 provides some clarity in respect of the intended shape of the future relationship between the U.K. and the European Union. However, it remains unclear what general long-term economic, financial, trade and legal implications the U.K. withdrawal from the European Union will have and how the withdrawal and implications thereof will impact our business. Accordingly, the impact of the United Kingdom's departure from the European Union is uncertain. Brexit has and continues to create general economic uncertainty in the United Kingdom and European Union. The cross border movement of goods between the UK and members of the European Union has become more bureaucratic. Customers increasingly need our help in moving investigational product across borders and securing other items in the clinical trial supply chain. We have expanded our Global Clinical Supplies group to help support this need, utilizing our affiliate based in Ireland to distribute and provide the EU based qualified persons needed to make this process operate smoothly and effectively.

PPD Global Ltd

Strategic report (continued)

COVID-19 – The company is subject to risks associated with public health epidemics and pandemics, such as the ongoing COVID-19 pandemic. Our global operations expose us to risks associated with public health epidemics and pandemics. COVID-19 has had an adverse impact on certain of our operations and we may experience unpredictable reductions in supply and demand for certain services. National, state and local governments have implemented and may continue to implement safety precautions, including quarantines, border closures, increased border controls, travel restrictions, shelter in place orders and shutdowns and other measures. These measures may disrupt normal business operations and may have significant negative impacts on businesses and financial markets worldwide. Our ability to continue to provide services is highly dependent on our ability to maintain the safety and health of our employees. The ability of our employees to work may be significantly impacted by the COVID-19 pandemic or future epidemics and pandemics. In addition, the duration and extent of future revenues from sales of services related to the COVID-19 response are uncertain and dependent primarily on customer therapy and vaccine demand.

The company participated in the formation of a pandemic response committee and implemented a number of mitigation strategies in order to protect employees and patients but also to ensure continuity of clinical trials. Travel restrictions, increased use of our existing digital technologies to support trials as well as employee information programs have all been used. Whilst the impact of the pandemic has reduced in recent times, we continue to monitor for outbreaks and resurgence, meanwhile refining our response capabilities.

Competitive risk - The markets for our products and services are very competitive and price sensitive. Our competitors, which could include some of our customers (such as large pharmaceutical companies) have significant financial, operational, sales and marketing resources, and experience in research and development. There has been a trend towards industry consolidation in our markets for the past several years. We expect this trend towards industry consolidation to continue as companies attempt to strengthen or hold their market positions in an evolving industry and as companies are acquired or are unable to continue operations. We believe that industry consolidation may result in stronger competitors that are better able to compete as sole-source vendors for customers. This could lead to more variability in operating results and could harm our business.

Additional risks associated with the financial management of the company are listed in the Director's Report for the year ended 31 December 2022.

Future developments

Detailed below is an overview of some of the key factors we consider important to our business and the future developments:

Increase in Potential New Drug Candidates - The number of drug compounds in various stages of development has increased steadily over the past five years, with particularly strong growth in the number of compounds in early stages of development. While research and development spending and the number of drug candidates are increasing, the time and cost required to develop a new drug candidate also have increased. Many pharmaceutical and biotechnology companies do not have sufficient internal resources to pursue development of all of these new drug candidates on their own. Consequently, these companies are looking to the drug discovery and development services industry for cost-effective, innovative and rapid means of developing new drugs.

Research and Development Productivity - The global development-focused CRO market, which is the primary business of both the PPD Global Ltd company and PPD Inc. groups, grew from approximately \$14.3 billion in 2007 to an estimated \$55 billion as of December 2021 and we expect this market to continue to grow at average annual growth rates of approximately 6-9%, driven by an increase in R&D spending and outsourcing by the biopharmaceutical industry, together with a move towards larger, innovative CROs such as us.

Biotechnology Industry Growth - The biotechnology industry has grown rapidly over the last decade and has emerged as an important client segment for the drug discovery and development services industry. While the biotechnology industry accounts for a smaller percentage of total industry R&D expenditure, the rate of biotechnology companies' spending is higher than traditional pharmaceutical companies. In recent years, this industry has generated significant numbers of new drug candidates that will require development and regulatory approval. Many biotechnology companies do not have the necessary staff, operating procedures, experience or expertise to conduct clinical trials on their own. Because of the time and cost involved, these companies rely heavily on CROs to conduct clinical research for their drug candidates.

PPD Global Ltd

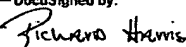
Strategic report (continued)

Globalization of Clinical Trials - Clinical trials have become increasingly global as sponsors seek to accelerate patient recruitment, broaden access to trained investigators, reduce costs and gain access to new sources of market expertise. Moreover, pharmaceutical and biotechnology companies are increasingly seeking to file drug registration packages in multiple countries to expand drug product markets. More clinical study work is being conducted in Asia, Eastern Europe, and Latin America, as well as other geographic regions. The clinical studies to support these registration packages frequently include a combination of multinational and domestic trials. This trend puts an emphasis on global experience and coordination throughout the development process, including the collection, analysis, integration and reporting of clinical trial data.

Increased complexity in clinical development - Clinical trials continue to increase in complexity as a result of (i) more complex compounds, such as those related to immuno-oncology and orphan diseases, (ii) more specificity in patient population definitions and inclusion/exclusion criteria, (iii) an increase in the number of clinical trial endpoints and (iv) an increase in evidence generation methods, such as electronic patient-reported outcomes and virtual clinical trials. All of these factors result in more complex trial design criteria, increased difficulty in enrolling protocol eligible patients, increased length of a clinical trial and greater overall clinical trial cost (absent productivity initiatives). Because of this complexity, biopharmaceutical companies continue to seek partners such as CROs that have the experience and expertise to conduct successful, on-time, and cost effective clinical studies.


Focus on safety, effectiveness and value of biopharmaceutical and biotechnology products - Participants in drug development and overall healthcare industry are focused on improving quality and reducing costs, both of which require assessment of quality and value of drug therapies. In addition, other stakeholders in the healthcare industry, such as patients, physicians and caregivers, demand evidence of benefits and risks of biopharmaceutical products in a real-world setting. As a result, biopharmaceutical companies are looking for drug development providers that can provide real-world research, data and evidence-based solutions to demonstrate the quality and value of their products.

Approved for issue by the board of directors and signed on its behalf by:

DocuSigned by:

D5294F708A4342B...
R S Harris
Director

Date: 04-Aug-2023

Registered Office:
Granta Park
Great Abington
Cambridge
Cambridgeshire
CB21 6GQ

DocuSigned by:

DE23D624583242E...
J M James
Director

Date: 04-Aug-2023

PPD Global Ltd

Directors' report for the year ended 31 December 2022

The directors present their annual report together with the audited financial statements for the year ended 31 December 2022.

Going concern

The company's profit and loss account and balance sheet are shown on pages 18 and 19.

In making the going concern assessment, the directors have prepared forecasts and projections of expected business levels and cash flows for a minimum period of one year from the date of approval of these financial statements, incorporating consideration of the principal risk and uncertainties arising from the conflict in eastern Europe. The company works with affiliated companies ("cost plus affiliates") in Eastern Europe, including in Ukraine and the Russian Federation where it oversees clinical trials on behalf of international customers. The directors have considered the possibility that its operations in these countries are curtailed either permanently or at least for a long period of time through continuing conflict or nationalization by a local government. The impact to the overall cash position of the company would be small and the potential losses on cancellation of contracts likewise not significant. As a result, the directors do not feel that the conflict in Eastern Europe poses an immediate or significant threat to the going concern status of the company. The directors are of the opinion that based on the measures we have taken and the strong financial position of the company, which includes a year-end cash balance of \$793m (2021: \$124m), that there will be no adverse impact on the going concern status of the company.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being at least the forthcoming 12 months. Accordingly, they continue to adopt the going concern basis in preparing the financial statements and believe that the company is well placed to manage its business risks successfully.

Dividends

On 17 November 2021 the company paid an interim dividend of \$250,000,000. Total dividends paid in 2021 was £250,000,000 (previously disclosed as £186,175,000).

No interim dividend has been paid during 2022 and the directors do not recommend the payment of a final dividend for 2022 (2021: nil).

Directors

The directors who served throughout the year and to the date of this report unless otherwise stated are shown below:

R S Harris
R S Newbery (resigned 1 February 2022)
J M James
A K Lee (appointed 1 February 2022)

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues, and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interest and that employees are aware of the financial and economic performance of their business units and of the group as a whole. Communication with all employees continues through the in-house newsletters, the intranet home page and staff briefings.

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Directors' report (continued)

Existence of branches outside the UK

The company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the United Kingdom as follows: Austria, Ghana, Greece, Israel, Kenya, Portugal, New Zealand, and Turkey.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year and these remain in force at the date of this report.

Directors' pensions

Contributions are paid to defined contribution pension schemes for the directors.

Research and development

Details of research and development can be found in the Strategic Report on page 1 and form part of this report by cross-reference.

Employee and stakeholder engagement

Details of employee and stakeholder can be found in the Strategic Report on page 6 and form part of this report by cross-reference.

Streamlined Energy & Carbon Reporting

	2022 Energy consumed kWh (Gross CV)	2022 Emissions kg CO ₂ e	2021 Energy consumed kWh (Gross CV)	2021 Emissions kg CO ₂ e
Scope 1 (Fuels)	573,476	105,433	595,445	109,473
Scope 2 (Electricity)	1,431,149	365,802	1,238,190	316,481
	2,004,625	471,235	1,833,635	425,954

We report our energy consumed and associated green house gas emissions from electricity and fuel for 2022. Scopes 1 and 2 locations method using WBCSD/WRI GHG Protocol Corporate Accounting and Reporting Standard Revised Edition as our framework for calculations. The company is a part of Thermo Fisher Scientific Inc.'s global strategy to reduce its carbon footprint by 30% by 2030. As part of this global initiative, we are committed to reviewing and reducing greenhouse gas emissions, this includes evaluating office space needs of our employees as well as the methods of transportation used for business travel.

The tonnes of CO₂e per total \$m sales revenue intensity ratio for 2022 was 0.21 (2021: 0.29).

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including cash flow risk, credit risk, liquidity risk, and price risk. The company does not use derivative financial instruments for speculative purposes.

Cash flow risk - The company's activities expose it to the financial risks of changes in foreign currency exchange rates. This risk arises because we use different currencies to recognise revenues and pay operating expenses. The company manages this risk by (a) negotiating contracts with customers to receive payment in the same currency used to pay expenses and (b) we enter into foreign currency forward contract hedges when it is prudent or required. However, as of 31 December 2022 we had no outstanding foreign currency forward contracts (2021: none).

Credit risk - The company's principal financial assets are cash balances and trade and other debtors. The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of provisions for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a number of industries and clients.

Liquidity risk - In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses intra-group financing where required.

PPD Global Ltd

Directors' report (continued)

Financial risk management objectives and policies (continued)

Price risk - The company is exposed to price risk. The company seeks to actively manage its price risk as an integral part of its contract negotiations.

Contract risk - The group enters into contracts to perform services over an extended period of time. Most of the contracts can be terminated either immediately or after a specified period following notice. These contracts typically require the client to pay any fees earned to date, the fees and expenses to wind down the contract and in some cases, a termination fee or some portion of the fees or profit that the group could have earned under the contract if it had not been terminated early.

Scientists and other technical professionals - The group's ability to maintain, expand or renew existing business with clients and to get business from new clients depends on our ability to hire and retain scientists with the skills necessary to keep pace with continuing changes in drug discovery and development technologies. The group seeks to mitigate the risk of staff turnover by continually reviewing its reward package which includes assistance for continuing professional development.

Post balance events

There are no such events.

Auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

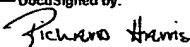
This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Grant Thornton UK LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Future developments


Details of future developments can be found in the Strategic Report on pages 4 and 5 and form part of this report by cross-reference.

Approved for issue by the board of directors and signed on its behalf by:

DocuSigned by:

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R S Harris
Director

Date: 04-Aug-2023

DocuSigned by:

DE23D624583242E...

J M James
Director

Date: 04-Aug-2023

Registered Office:
Granta Park
Great Abington
Cambridgeshire
Cambridge
CB21 6GQ

PPD Global Ltd

Directors' responsibilities statement

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

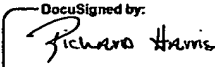
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland" and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

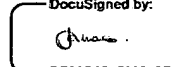
Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved for issue by the board of directors and signed on its behalf by:

DocuSigned by:

DS294F708A43429...

R S Harris
Director

Date: 04-Aug-2023

DocuSigned by:

DE23D624583242E...

J M James
Director

Date: 04-Aug-2023

Registered Office:
Granta Park
Great Abington
Cambridge
CB21 6GQ

Independent auditor's report to the members of PPD Global Ltd

Opinion

We have audited the financial statements of PPD Global Ltd (the 'company') for the year ended 31 December 2022 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the conflict in Ukraine, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

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

Independent auditor's report to the members of PPD Global Ltd (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Independent auditor's report to the members of PPD Global Ltd (continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and industry in which it operates. We determined that the following laws and regulations were most significant: UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, Companies Act 2006 and UK tax compliance regulations which is the principal jurisdiction in which the company operates.
- We enquired of management to obtain an understanding of how the company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the board minutes and other audit evidence. We did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and
 - knowledge of the industry in which the company operates.

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

Independent auditor's report to the members of PPD Global Ltd (continued)

Use of our report

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

Grant Thornton UK LLP

Philip Sayers
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
Date 04-Aug-2023

PPD Global Ltd

Profit and loss account for the year ended 31 December 2022

	Note	Years ended 31 December	
		2022	2021 (as restated – note 27)
		\$'000	\$'000
Turnover	3	2,241,086	1,961,498
Cost of sales		(1,734,934)	(1,516,691)
Gross profit		506,152	444,807
Administrative expenses		(38,849)	(106,179)
Operating profit	6	467,303	338,628
Interest receivable and other similar income	4	13,203	1,903
Interest payable and other similar expenses	5	(843)	(3,572)
Financing income in relation to pension asset/liability	21	198	22
Profit before taxation	9	479,861	336,981
Tax credit/(charge) on profit	9	4,955	(52,834)
Profit for the financial year		484,816	284,147

The above results all relate to continuing operations.

The company has changed its functional and presentation currency from GBP (£) to USD (\$). The prior year comparatives have also been restated (see notes 2 and 27).

Statement of comprehensive income for the year ended 31 December 2022

		Years ended 31 December	
		2022	2021 (as restated – note 27)
		\$'000	\$'000
Profit for the financial year		484,816	284,147
Exchange difference on translating the net assets of foreign operations		(1,944)	(730)
Actuarial (loss)/gain recognised in respect of the pension scheme	21	(7,612)	6,990
Movement on deferred tax relating to actuarial loss/(gain)	18	1,903	(2,609)
Total comprehensive income for the year		477,163	287,798

The company has changed its functional and presentation currency from GBP (£) to USD (\$). The prior year comparatives have also been restated (see notes 2 and 27). The notes on pages 21 to 47 are an integral part of these financial statements.

PPD Global Ltd

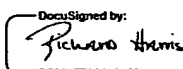
Balance sheet as at 31 December 2022

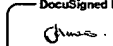
	Note	As at 31 December	
		2022	2021 (as restated – note 27)
		\$'000	\$'000
Fixed assets			
Tangible assets	13	14,648	13,986
Investments	14	1	1
		14,649	13,987
Current assets			
Debtors: amounts falling due within one year	15	1,566,630	1,561,527
Debtors: amounts falling due after more than one year	16	3,398	2,922
Cash at bank and in hand		792,532	124,218
		2,362,560	1,688,667
Creditors: amounts falling due within one year	17	(1,327,348)	(1,145,178)
Net current assets		1,035,212	543,489
Total assets less current liabilities		1,049,861	557,476
Pension liability	21	(6,423)	-
Taxation, including deferred taxation	18	371	(3,015)
Other provisions	19	(1,414)	(1,505)
Net assets		1,042,395	552,956
Capital and reserves			
Called up share capital	20	16,473	16,473
Share premium account	20	4,712	-
Retained earnings	20	1,021,210	536,483
Total equity		1,042,395	552,956

The notes on pages 21 to 47 are an integral part of these financial statements.

The company has changed its functional and presentation currency from GBP (£) to USD (\$). The prior year comparatives have also been restated (see notes 2 and 27).

The financial statements of PPD Global Ltd, registered number 1564604, were approved by the board of directors and were signed on its behalf by:

DocuSigned by:

 R S Harris
 Director
 Date: 04-Aug-2023

DocuSigned by:

 DE23D624563242E...
 J M James
 Director
 Date: 04-Aug-2023

PPD Global Ltd

Statement of changes in equity for the year ended 31 December 2022

	Called up share capital \$'000	Share premium account \$'000	Retained earnings \$'000	Total \$'000
At 1 January 2021	16,473	-	499,780	516,253
Profit for the year	-	-	284,147	284,147
Exchange difference on translating the net assets of foreign operations	-	-	(730)	(730)
Actuarial gain on pension scheme (see note 21)	-	-	6,990	6,990
Movement on deferred tax relating to actuarial gain on pension scheme (see note 18)	-	-	(2,609)	(2,609)
Total comprehensive income	-	-	287,798	287,798
Credit to equity for share based payments (see note 11)	-	-	4,728	4,728
Debit to equity for cash settlement of cancelled share options (see note 11)	-	-	(5,823)	(5,823)
Dividends paid (see note 10)	-	-	(250,000)	(250,000)
At 1 January 2022	16,473	-	536,483	552,956
Profit for the year	-	-	484,816	484,816
Exchange difference on translating the net assets of foreign operations	-	-	(1,944)	(1,944)
Actuarial loss on pension scheme (see note 21)	-	-	(7,612)	(7,612)
Movement on deferred tax relating to actuarial loss on pension scheme (see note 18)	-	-	1,903	1,903
Total comprehensive income	-	-	477,163	477,163
Share capital issued (see note 20)	-	4,712	-	4,712
Credit to equity for share based payments (see note 11)	-	-	7,564	7,564
At 31 December 2022	16,473	4,712	1,021,210	1,042,395

The company has changed its functional and presentation currency from GBP (£) to USD (\$). The prior year comparatives have also been restated (see notes 2 and 27). The notes on pages 21 to 47 are an integral part of these financial statements.

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2022

1 Principal accounting policies

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

GENERAL INFORMATION AND BASIS OF ACCOUNTING

PPD Global Ltd (the “company”) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 9. The nature of the company’s operations and its principal activities are set out in the strategic report on pages 1 to 9.

The financial statements of the company have been prepared on a going concern basis under the historical cost convention (unless stated otherwise) and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Companies Act 2006.

During the year the Directors performed a reassessment of PPD Global Ltd’s functional and presentation currency. Following a detailed review of data from the past three years, it was concluded that the currency that mainly influences the sale prices and services as well as the costs of providing those services has been the United States Dollar (USD, \$) since on or before 1 January 2020, the primary factor in this determination being that USD is the currency in which the majority of services are denominated and settled. As the functional currency of the company was Pounds Sterling (GBP, £) in the 2020 and 2021 financial statements, in accordance with FRS 102 Section 30, the balances and results disclosed previously have been restated using USD as the functional and the presentation currency.

The amounts in the financial statements are presented in thousands. Foreign operations are included in accordance with the policies set out below.

The preparation of the financial statements requires the use of certain critical accounting judgments and significant estimates. These are continuously evaluated based on historical experience and other factors. Please refer to note 2 for further details.

PPD Global Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in relation to the presentation of a cash flow statement, share-based payments, financial instruments, and key management personnel compensation on the grounds consolidated financial statements are prepared by Thermo Fisher Scientific Inc., which incorporate these disclosures and are publicly available.

GOING CONCERN

The company’s profit and loss account and balance sheet are shown on pages 18 and 19.

In making the going concern assessment, the directors have prepared forecasts and projections of expected business levels and cash flows for a minimum period of one year from the date of approval of these financial statements, incorporating consideration of the principal risk and uncertainties arising from COVID-19 and the conflict in eastern Europe. We do not yet know the full extent of the impacts of the COVID-19 pandemic on our business, financial condition, results of operations or the global economy, as the ultimate impact of the pandemic is highly uncertain and subject to change.

The company works with affiliated companies (“cost plus affiliates”) in Eastern Europe, including in Ukraine and the Russian Federation where it oversees clinical trials on behalf of international customers. The directors have considered the possibility that its operations in these countries are curtailed either permanently or at least for a long period of time through continuing conflict or nationalization by a local government. The impact to the financial results of the company would be small and the potential loss on disposal of operations likewise not significant. As a result, the directors do not feel that the conflict in Eastern Europe poses an immediate or significant threat to the going concern status of the company.

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2022

1 Principal accounting policies (continued)

GOING CONCERN (CONTINUED)

The directors are of the opinion that based on the measures we have taken and the strong financial position of the company, which includes a year-end cash balance of \$793m (2021: \$124m), that there will be no adverse impact on the going concern status of the company.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being at least the forthcoming 12 months. Accordingly, they continue to adopt the going concern basis in preparing the financial statements and believe that the company is well placed to manage its business risks successfully.

TURNOVER AND REVENUE RECOGNITION

Revenue (turnover) is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered. Turnover excludes trade and volume discounts, value added tax and other sales related taxes and represents the value of work performed during the year when the outcome of the contract can be estimated reliably. The Company recognises revenue and costs associated with contracts as revenue and cost of sales respectively by reference to the stage of completion of the contract activity at the end of the reporting period for each study.

The company enters into contracts to perform services over an extended period of time. Most of the contracts can be terminated either immediately or after a specified period following notice. These contracts typically require the client to pay any fees earned to date, the fees and expenses to wind down the contract and in some cases, a termination fee or some portion of the fees or profit that the company could have earned under the contract if it had not been terminated early.

The company reviews and revises estimated total direct costs throughout the life of the contract, and records adjustments to service revenue ("Direct revenue") resulting from such revisions in the period in which the change in estimate is determined. This methodology is consistent with the manner in which the customer receives the benefit of the work performed and is consistent with the company's contract termination provisions.

Expenses incurred in performance of a contract are billed to customer without mark-up and the company recognizes associated revenue ("Indirect revenue") as these expenses are incurred.

RESEARCH AND DEVELOPMENT COSTS

The company incurs research and development expenditure on behalf of its clients and this is written off as incurred. The company does not expect any additional future economic benefits as a result of the expenditure.

RESEARCH AND DEVELOPMENT EXPENDITURE CREDIT RECEIVABLE

In the ordinary course of business, the Company engages in research and development ("R&D") activities such as the services the Company provides in the clinical development of drugs. The United Kingdom government provide for R&D credits to help offset some of these costs in performing qualified R&D activities. The Company evaluates and determines eligible R&D projects and qualifying R&D costs within those projects (typically personnel costs, medical supplies, certain investigator payments directly attributable to eligible R&D projects, etc.). The R&D credit is then claimed by filing a tax return.

If realization of the tax credit does not depend on the entity's generation of future taxable income or the entity's ongoing tax status or tax position, the credit is not considered an element of taxation. Thus, even if the credit claims are filed in connection with a tax return, the refunds are not considered part of taxation.

CONTRACTS

Amounts recoverable on contracts:

Amounts recoverable on contracts, which are included in debtors due within one year, are stated at the net sales value of the work done less amounts received as progress payments on account.

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2022

1 Principal accounting policies (continued)

CONTRACTS (CONTINUED)

Payments on account of contracts:

Payments on account of contracts represent billings for services not yet rendered and are included under creditors due within one year. Excess progress payments are included in creditors as advanced billings.

Cumulative costs and future losses:

Cumulative costs incurred are transferred to cost of sales or provisions as appropriate and anticipated future losses on contracts are fully provided for. All known or anticipated losses are provided for in full as soon as they are foreseen.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of cumulative depreciation and any cumulative provision for impairment. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned as follows:

Freehold property	40 years
Leasehold improvements	Shorter of lease or 10 years
Software	3 years
Furniture	10 years
Equipment	5 years
Vehicles	4 years
Computer equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

TAXATION

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

Deferred taxation is provided on an undiscounted basis, on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end.

The results of the Austrian, Portuguese, New Zealand, Greek, Kenyan, Israeli, Ghanaian, and Turkish branches are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Foreign exchange gains/losses on these branches are recognised through the statement of comprehensive income.

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2022

1 Principal accounting policies (continued)

INVESTMENTS

Investments in subsidiary undertakings are stated on the balance sheet at cost of each investment less any permanent impairment in value.

Investments in subsidiary undertakings are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

PENSION COSTS

The company provides pensions to certain employees through a defined benefit pension scheme. It is the general policy of the company to provide for and fund pension liabilities on a going concern basis, on the advice of the scheme's actuaries, by payments to an independent trust.

For the defined benefit scheme the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. The pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The company also operates defined contribution pension schemes for certain other employees in the UK and Israel branch. For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2022

1 Principal accounting policies (continued)

LEASES

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Assets held under finance leases which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of the capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

GOVERNMENT GRANTS

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. In 2007 the company received a grant from the Scottish Executive in relation to the construction of freehold premises in Bellshill, Scotland. The grant is being amortised to the profit and loss account over the useful economic life of the building of 40 years.

SHARE BASED PAYMENTS

The company has taken advantage of the exemption under FRS 102 para 26.16 where the company is a member of a group share-based payment arrangement and where the company's expense is based on a reasonable allocation and disclosed in full in the consolidated parent group financial statements.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements and estimates. 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 recognised 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.

a. Critical judgements in applying the company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

The recognition of revenue is a critical accounting judgement for the company. The company enters into contracts to perform services over an extended period of time. Most of the contracts can be terminated either immediately or after a specified period following notice. These contracts typically require the client to pay any fees earned to date, the fees and expenses to wind down the contract and in some cases, a termination fee or some portion of the fees or profit that the company could have earned under the contract if it had not been terminated early.

Estimates of total contract revenues are reviewed periodically and the effects of changes are recognised in the period in which they occur. All known or anticipated losses are provided for in full as soon as they are foreseen.

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2022

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

Revenue recognition (continued)

Given the service nature of the company's contracts, the company believes that direct costs incurred reflect the hours incurred with hours representing the output of contracts. Thus, to measure performance under the stage of completion of contract activity, the company compares direct costs incurred through a specified date to estimated total direct costs to complete the contract. Direct costs consist primarily of the amount of direct labor and certain overhead costs for the delivery of services. The company reviews and revises estimated total direct costs throughout the life of the contract, and records adjustments to service revenue ("Direct revenue") resulting from such revisions in the period in which the change in estimate is determined. This methodology is consistent with the manner in which the customer receives the benefit of the work performed and is consistent with the company's contract termination provisions.

Expenses incurred in performance of a contract are billed to customer without mark-up and the company recognizes associated revenue ("Indirect revenue") as these expenses are incurred.

Agent and principal

The company is required to consider whether it acts as an agent on behalf of its customers, without risk or reward to the company, or as a principal in its sales to customers. It makes this determination based on whether (a) it has the primary responsibility for providing the service to the customer; (b) it bears inventory risk; (c) it has latitude in establishing prices and (d) it bears the customer credit risk for the amount receivable from the customer.

In the Directors' judgement the company meets all the risk and reward criteria as principal under its contractual relationships with its customers and these risks and rewards are not transferred to affiliates that it engages to deliver some of the services.

Determination of functional currency and date of change

For the periods prior to 2021, the functional currency was assessed as GBP. During the year, the Directors reassessed the functional currency of the Company to determine whether there had been a substantial change in the mix of turnover and operating costs in multiple currencies and when this change occurred. Based on the primary indicators in FRS 102 Section 30 it was determined that USD had become the functional currency for the Company on or before 1 January 2020. The Directors are of the opinion that USD best reflects the current and prospective economic substance of the underlying transactions and circumstances of the company, given that:

- The largest portion of the revenues of the Company have recently been, and are expected to continue to be transacted in USD;
- From 2020 onwards, USD is the currency that substantially influences the costs of providing services.
- USDs make up the majority of the companies' debtors and creditor balances.
- Management also considered other factors which include the degree of autonomy of the entity as well as volume of amounts due and from group undertakings denominated in USD. The result supports the conclusion that USD is the functional currency of the entity.

The effect of the change in the functional currency for the Company from GBP to USD has been applied prospectively. There is judgement around the date management applied the change however given there is no single event that determined the change as there was a gradual increase in USD turnover, management considered it appropriate to use the start of the 2021 accounting period to apply the change and the prior period has been restated.

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****2 Critical accounting judgements and key sources of estimation uncertainty (continued)****b. Key accounting estimates and assumption**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment and note 1 for the useful economic lives of each class of assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the aging profile of debtors and historical experience. See note 15 for the carrying amount if the debtors.

3 Turnover

Turnover relates to one class of business, the provision of advisory, research and consultancy services to the pharmaceutical and biotechnology industries and is analysed by geographical destination as follows:

	2022 \$'000	2021 \$'000
Europe	445,605	384,102
United States of America	1,637,087	1,369,673
Far East	104,779	140,120
Other	53,615	67,603
	2,241,086	1,961,498

An analysis of the company's turnover is as follows:

	2022 \$'000	2021 \$'000
Rendering of services – Direct	1,653,427	1,416,406
Rendering of services – Indirect	587,659	545,092
	2,241,086	1,961,498

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****4 Interest receivable and other similar income**

	2022	2021
	\$'000	\$'000
On loans to fellow group undertakings	1,050	1,105
On tax refund	21	-
On bank balances	12,132	798
	13,203	1,903

5 Interest payable and other similar expenses

	2022	2021
	\$'000	\$'000
On loans from fellow group undertakings	21	3,323
On bank balances	822	249
	843	3,572

6 Operating profit before taxation

Profit before taxation is stated after charging/(crediting):

	2022	2021
	\$'000	\$'000
Depreciation of owned tangible fixed assets	2,095	2,242
Depreciation of leased tangible fixed assets	-	11
Hire of plant and machinery - operating lease rentals	1,732	1,622
Hire of other assets - operating lease rentals	4,569	4,963
Government grant income	(52)	(59)
Fees payable to the company's auditor for the audit of the company's annual accounts	278	285
Fees payable to the company's auditor for non-audit services	1	-
Exchange (gain)/loss	(12,103)	(8,418)
Research and development expenditure	254,824	306,193

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****7 Directors' emoluments****Directors' remuneration**

The directors received the following emoluments:

	2022 \$'000	2021 \$'000
Aggregate emoluments		
Emoluments and benefits	1,575	8,755
Company contributions to money purchase pension schemes	51	33
	1,626	8,788

There are three directors (2021: three) to whom benefits are accruing in respect of money purchase pension schemes.

No directors (2021: none) exercised share options in the ultimate parent company during the year.

Remuneration of the highest paid director:

	2022 \$'000	2021 \$'000
Aggregate emoluments		
Emoluments and benefits	837	3,791
Company contributions to money purchase pension schemes	5	7
	842	3,798

The highest paid director did not exercise any share options in the ultimate parent company during the year or preceding year.

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****8 Employee information**

The average monthly number of persons (including executive directors) employed by the company during the year was as follows:

	2022 Number	2021 Number
By activity		
Scientific operations	1,900	1,585
Administration	274	259
	2,174	1,844

	2022 \$'000	2021 \$'000
Staff costs		
Wages and salaries	167,511	154,151
Social security costs	18,956	20,276
Other pension costs (see note 21)		
Defined contribution scheme	9,299	9,128
Equity-settled share based payments (see note 11)		
Incentive schemes (Equity Compensation Plan)	7,564	28,755
	203,330	212,310

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****9 Tax on profit****(a) Analysis of charge in year**

	2022 \$'000	2021 \$'000
Current tax		
- UK Corporation Tax on profits for the year	656	55,193
- UK Corporation Tax on profits for previous periods	(3,817)	(2,832)
- Overseas tax relief	(656)	615
- Overseas tax suffered	803	-
Total current tax	(3,014)	52,976
Deferred tax		
- Origination and reversal of timing differences	(1,440)	159
- Adjustments in respect of prior periods	(93)	(591)
- Effect of changes in tax rates	(408)	291
Total deferred tax	(1,941)	(142)
Total tax on profit	(4,955)	52,834

A deferred tax credit of £1,902,000 has been recognized in other comprehensive income (OCI) relating to revaluations and actuarial movement in defined benefit pension balances presented in OCI.

(b) Total tax

The tax assessed for the year to 31 December 2022 is lower than the average rate of corporation tax in the UK of 19% (2021: 19%) due to the following:

	2022 \$'000	2021 \$'000
Profit before tax	479,861	336,981
Multiplied by 19% (2021: 19%)	91,174	64,026
Effects of:	-	-
Expenses not deductible for tax purposes	1,374	448
Income not taxable	(1,139)	-
Fixed asset differences	-	(72)
Transfer pricing adjustment	5	769
Relief on payments to defined benefit pension scheme	-	(732)
Group relief received for nil payment	(92,052)	(12,379)
Cancellation of share scheme	-	175
Adjustment to tax in respect of prior periods	(3,909)	(3,630)
Rate and exchange differences	(408)	5,003
Deferred tax not recognized	-	(774)
Total tax (9a)	(4,955)	52,834

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2022

9 Tax on profit (continued)

(c) Future tax charge

During the year beginning 1 January 2023, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by \$153,000. This is due to depreciation exceeding capital allowances and payment of accrued invoices.

In the 2021 Spring Budget, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This was substantively enacted in 2021 and is therefore used to measure UK deferred taxes in both 2021 and 2022, to the extent the related timing differences are expected to reverse in 2023 or later.

(d) Branch profits

The company paid tax in the overseas locations of its branches, based on branch profits at the following rates during the year ended 31 December 2022:

Portugal	22.5% (2021: 22.5%)
New Zealand	28% (2021: 28%)
Greece	24% (2021: 24%)
Israel	23% (2021: 23%)
Turkey	25% (2021: 25%)
Kenya	37.5% (2021: 37.5%)
Ghana	25% (2021: 25%)
Austria	25% (2021: 25%)

10 Dividends

On 17 November 2021 the company paid an interim dividend of \$250,000,000. Total dividends paid in 2021 was \$250,000,000 (previously disclosed as £186,175,000).

There has been no interim dividend during the year and the directors do not recommend the payment of a final dividend for 2022 (2021: nil).

11 Share based payments

In February 2020, the company's parent group adopted the 2020 Incentive Plan in connection with the company's parent group's initial public offering ("IPO"). Under the 2020 Incentive Plan, the company can issue stock options, restricted stock units ("RSUs"), performance stock units ("PSUs") and other stock-based awards to employees, directors and consultants of the company. The company reserved 39.1 million shares of common stock for issuance of stock-based awards under the 2020 Incentive Plan. The 2020 Incentive Plan is administered by the board of directors of the company. Awards forfeited or expired remain available for future issuance under the 2020 Incentive Plan. As of 7 December 2021, there were 37.7 million shares of common stock available for issuance under the 2020 Incentive Plan. On 8 December 2021 the company's parent group was acquired by Thermo Fisher Scientific Inc. and all stock options, RSU's, and PSU's were converted to a Thermo Fisher Scientific Inc. plan.

Stock options granted under the 2020 Incentive Plan may not have a term that exceeds ten years from the date of grant. The exercise price of stock issued under the 2020 Incentive Plan may not be less than the fair market value of the company's common stock on the date of grant. The fair value of all stock-based awards issued under the 2020 Incentive Plan are expensed on a straight-line basis over the requisite service period, which is equal to the vesting period. Stock options and RSUs generally vest over a four-year period at a rate of 25% per year. PSUs generally vest over a three-year period with cliff vesting at the end of the period subject to the actual or expected achievement of performance factors for the vesting period. Compensation expense recorded for PSUs is based on the amount of awards expected to vest based on expected achievement of performance factors, which are re-assessed at each reporting period.

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2022

11 Share based payments (continued)

Prior to the adoption of the 2020 Incentive Plan, all awards were granted under the 2017 Eagle I Incentive Plan and any awards previously granted under the 2017 Eagle I Incentive Plan remain subject to the terms of the 2017 Eagle I Incentive Plan and the applicable award agreements. No additional award grants are expected to be made under the 2017 Eagle I Incentive Plan.

Outstanding awards under the 2017 Eagle I Incentive Plan primarily consist of stock options to employees. For stock options that have time-based vesting, expense is recognized consistent with the 2020 Incentive Plan. For stock options that also have performance-based vesting, the performance options are eligible to vest at a rate of up to 20% per year (a "Tranche") subject to the actual or expected achievement of performance targets for such years. The company recognizes stock-based compensation expense for the performance stock options on a straight-line basis over the period from the grant date through the end of the respective Tranche year, treating all Tranche as if they are each separate awards. Additionally, the performance stock options have a catch-up provision, which allows options that did not meet the performance targets in the prior year to vest in a subsequent year. The expense related to this catch-up is recorded in the period the catch-up occurs. On 8 December 2021 the company's parent group was acquired by Thermo Fisher Scientific Inc. and options granted under the Eagle I Incentive Plan were cash settled.

Details of the share options outstanding during 2021 for the 2017 Eagle I Incentive Plan and 2020 Incentive Plan in respect of employees of the company are as follows:

	2021 No of share options	Weighted average exercise price USD
Outstanding at the beginning of the year	1,022,745	14.80
Granted during the year	155,287	38.57
<i>Exercised during the year</i>	<i>(96,772)</i>	<i>14.18</i>
Forfeited during the year	(20,563)	25.36
Expired during the year	(2,639)	17.37
Cancelled and/or converted during the year	(1,058,058)	18.14
Outstanding at the end of the year	-	-
Exercisable at the end of the year	-	-

The options outstanding on 7 December 2021 had a weighted average share price at the date of exercise of \$18.14 and a weighted average remaining contractual life of 3 years. The aggregate of the estimated fair values of the options granted during 2021 was \$5,989,420).

The share based compensation charge up to 7 December 2021 was \$4,364,657. The accelerated charge as a result of the cancellation of the 2017 Eagle I Incentive Plan was \$24,026,928. The amount of cash reimbursement for the cancelled share options was \$29,849,585.

The fair value of the share options at the grant date was calculated using the Black Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2022

11 Share based payments (continued)

The share based compensation charge from 8 December 2021 to the end of 2021 was \$363,722. From 8th December 2021 the company's employees have been granted equity instruments by the ultimate parent company, Thermo Fisher Scientific Inc. The company makes use of the exemption in Section 26 of FRS 102 to account for the expense based on a reasonable allocation of the parent company's total expense. The share based compensation charge for 2022 was \$7,564,863.

The company has calculated its allocation of the parent company's total expense based on the number of participating employees in the company compared to the number of participating employees in the ultimate parent group.

The company also considered an allocation based in the relative remuneration cost of the relevant employees and considered that this gave rise to no significant differences in the allocated costs.

12 Intangible assets

	\$'000
Cost	
At 1 January 2022	81,866
Disposals	(81,866)
At 31 December 2022	-
Amortization	
At 1 January 2022	81,866
Disposals	(81,866)
At 31 December 2022	-
Net book value	
At 31 December 2022	-
At 31 December 2021	-

The company acquired the unearned revenue on existing contracts from PPD Development (S) Pte. Ltd, a fellow group company in 2017 which was fully amortised during the year ended 31 December 2020. This asset was removed from the asset register on 1 January 2022.

The company acquired the unearned revenue on existing contracts from PPD Development, L.P., a fellow group company in 2018 which was fully amortised during the year ended 31 December 2020. This asset was removed from the asset register on 1 January 2022.

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****13 Tangible fixed assets**

	Freehold property \$'000	Leasehold improvements \$'000	Software \$'000	Furniture, computer equipment, equipment and vehicles \$'000	Total \$'000
Cost					
At 1 January 2022	16,471	10,827	3,595	8,477	39,370
Exchange adjustment	-	(249)	(4)	(205)	(458)
Additions	-	310	612	2,034	2,956
Disposals	-	-	-	(204)	(204)
At 31 December 2022	16,471	10,888	4,203	10,102	41,664
Depreciation					
At 1 January 2022	5,791	10,119	3,585	5,889	25,384
Exchange adjustment	-	(237)	(4)	(154)	(395)
Charge for year	404	303	170	1,218	2,095
Disposals	-	-	-	(68)	(68)
At 31 December 2022	6,195	10,185	3,751	6,885	27,016
Net book value at 31 December 2022	10,276	703	452	3,217	14,648
Net book value at 31 December 2021	10,680	708	10	2,588	13,986

Included within the freehold property is land at cost of \$652,000 (2021: \$652,000) which is not depreciated. The directors believe that the market value of the land is in line with the carrying value.

The company has leased equipment which is considered to meet the definition of finance leases and are accounted for accordingly. Included within Furniture, computer equipment, equipment and vehicles are assets held under finance leases at a cost of \$105,000 (2021: \$105,000). The net carrying amount at the end of the reporting period for assets held under finance leases was £nil (2021: £nil).

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****14 Investments****\$'000****Cost and net book value of the company's investment equity shares**

At 1 January 2022 and 31 December 2022

1**Investments in group undertakings:**

Interests in group undertakings at 31 December 2022 are as follows:

Name of undertaking	Description of shares held	% held	Registered address
PPD Slovak Republic s.r.o (incorporated in Slovak Republic)	Ordinary	15%	Bratislavská cesta 100/D 931 01 Šamorín Slovak Republic
PPD Global Central Labs BVBA (incorporated in Belgium)	Ordinary	0.1%	Kleine Kloosterstraat 19 1932 Sint – Stevens - Woluwe Belgium
PPD Pharmaceutical Development India Private Limited (incorporated in India)	Ordinary	0.01%	Office 101, A-Wing, Fulcrum, Hiranandani Business Park, Sahar Road, Andheri (East), Mumbai-400099, Maharashtra, India

The company held 50% of the holding in Cambridge Applied Nutrition Toxicology and Biosciences Limited as at 1 Jan 2021. This entity was dissolved on 20 October 2021. The dissolution did not result in any gain or loss to the company.

Investments in subsidiaries:

The company held 99% of the holding in Clinical Technology Centre (International) Limited as at 1 Jan 2021. This entity was sold to a fellow group company on 29 December 2022 for consideration of \$70,337.

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****15 Debtors: amounts falling due within one year**

	2022 \$'000	2021 \$'000
Trade debtors	275,149	234,062
Amounts recoverable on contracts (see below)	974,286	759,889
Amounts due from group undertakings (see below)	219,819	482,665
UK Corporation tax receivable	52,771	68,992
Research and development expenditure credit receivable	32,592	-
Other debtors	9,350	4,479
Prepayments and accrued income	2,663	2,004
Defined benefit pension scheme surplus (see note 21)	-	9,436
	1,566,630	1,561,527

At 31 December 2022 \$548,376,000 (2021: \$351,095,000) of the amounts recoverable on contracts in the table above were related to direct revenue and \$425,910,000 (2021: \$408,794,000) were related to indirect revenue.

At 31 December 2022 \$190,162,000 (2021: \$450,558,000) of the amounts due from group undertakings in the table above are unsecured, interest free, and repayable on demand. The remaining \$29,657,000 (2021: \$32,107,000) is also unsecured and is repayable on demand with interest charged on the outstanding principal at a variable rate. During 2022 the interest rate varied between 1% and 4%. The interest charged is repayable on demand.

16 Debtors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Long term rental deposit	348	575
Other debtors	3,050	2,347
	3,398	2,922

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****17 Creditors: amounts falling due within one year**

	2022 \$'000	2021 \$'000
Trade creditors	23,114	17,717
Payables to investigators	188,256	174,857
Payments on account of contracts (see below)	740,882	673,981
Amounts due to group undertakings (see below)	319,389	230,267
Taxation and social security	1,327	1,210
Overseas taxation payable	-	104
Obligations under finance leases	-	45
Accruals and deferred income	54,380	46,997
	1,327,348	1,145,178

At 31 December 2022 \$511,173,000 (2021: \$483,202,000) of the payments on account of contracts in the table above were related to direct revenue and \$229,709,000 (2021: \$190,779,000) were related to indirect revenue. Payments on account of contracts includes both contract liabilities and advances received.

At 31 December 2022 none (2021: \$8,923,000) of the amounts due to group undertakings were unsecured and repayable on demand with interest charged on the outstanding principal at a variable rate. During 2021 the interest rate varied between 1% and 4%. At 31 December 2022 \$319,389,000 (2021: \$221,344,000) of the amounts due to group undertakings are unsecured, interest free and repayable on demand.

18 Taxation, including deferred taxation

	2022 \$'000
Liability at 1 January 2022	3,015
Origination and reversal of timing differences	(1,848)
Adjustment in respect of prior years	365
OCI movement	(1,903)
Asset at 31 December 2022	(371)

Amounts provided:

	2022 \$'000	2021 \$'000
Accelerated capital allowances	2,217	1,415
Short term timing differences	(983)	(228)
Unrelieved foreign tax	-	(531)
Defined benefit pension scheme	(1,605)	2,359
As at 31 December	(371)	3,015

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****18 Taxation, including deferred taxation (continued)**

Amounts not provided:

	2022 \$'000	2021 \$'000
Long term timing differences	(1,982)	(91)
Capital losses	(684)	(684)
Share based payment	(3,973)	-
As at 31 December	(6,639)	(775)

The unrecognised deferred tax asset in respect of long term timing differences relates to the deferred tax asset arising on share options in excess of what can be recognised as a result of the accounting share option charge.

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

Total deferred tax:

	2022 \$'000	2021 \$'000
Accelerated capital allowances	2,217	1,872
Short term timing differences	(686)	(228)
Long term timing differences	(1,982)	(91)
Tax losses	(684)	(684)
Defined benefit pension scheme	(1,903)	2,609
Unrelieved foreign tax	-	(531)
Share based payment	(3,973)	-
	(7,011)	2,947

19 Other provisions

	2022 \$'000	2021 \$'000
Deferred grant income (see below)	1,366	1,418
Deferred rental income	48	87
	1,414	1,505

In 2007 the company received a grant from the Scottish Executive in relation to the construction of freehold premises in Bellshill, Scotland. The grant is being amortised to the profit and loss account over the useful economic life of the building of 40 years.

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****20 Called up share capital and reserves**

	2022 \$'000	2021 \$'000
Allotted, called up and fully paid		
10,526,337 (2021: 10,526,336) ordinary shares of £1 each	16,473	16,473

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

On 19 October 2022, an additional 1 ordinary share of £1 each was issued at a premium £4,162,471.

The company's other reserve is as follows:

Retained earnings represents cumulative profit or losses net of dividends paid and other adjustments.

21 Pensions

During the year the company operated a defined benefit pension scheme within PPD Global Ltd Retirements Benefits Scheme ('the Scheme'), with assets held in a separately administered fund. In addition, certain employees participated in defined contribution pension schemes in the UK and Israel.

Defined Benefit Scheme

The company made a lump sum payment to the Scheme in 2022 of £2,800,000 as part of the agreed plan to fund the scheme's deficit. Additional lump sum payments are scheduled to be made in the subsequent years (£2,900,000 in 2023 and then £1,900,000 in each of 2024 to 2026 inclusive).

Political instability in the UK and elsewhere in the world has had a significant impact on the values and volatility of global equity and bond markets. These movements could have a material effect on the pension assets and liabilities. Although the extent of these impacts are subject to a high degree of uncertainty, the directors do not expect there to be any permanent material decline in the balance sheet position.

A full actuarial valuation was carried out as at 5 April 2021 and updated to 31 December 2022 by a qualified independent actuary. Such full valuations take place every three years. The major assumptions used by the actuary to determine defined benefit obligation were:

	2022	2021	2020
Rate of increase in salaries	4.2%	4.5%	3.7%
Rate of increase in pensions in payment	3.0%	3.3%	2.8%
Rate of increase of pensions in deferment	3.0%	3.3%	2.8%
Discount rate	5.0%	1.8%	1.5%
Inflation assumption	3.3%	3.6%	2.9%

The mortality assumptions were:

	2022	2021
Base table	S3PA (YoB) tables ("middle" for females) with 106%/101% weighting for non-pensioners/pensioners	S3PA (YoB) tables ("middle" for females) with 106%/101% weighting for non-pensioners/pensioners
Future improvements	CMI 2021 model with long term improvement rate of 1.25% p.a.	CMI 2020 model with long term improvement rate of 1.25% p.a.

21 Pensions (continued)

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022**

The fair value of the assets in the scheme were:

		2022		2021		2020
		\$'000		\$'000		\$'000
Bonds	32.3%	19,893	39.4%	46,114	36.1%	40,511
Cash	0.3%	174	0.2%	246	0.1%	144
Diversified growth funds	67.4%	41,592	60.4%	70,594	63.8%	71,807
Total market value of assets		61,659		116,954		112,462
Actuarial value of liability		(68,082)		(107,518)		(113,818)
(Deficit)/Surplus in the scheme		(6,423)		9,436		(1,356)

Mercer began managing the Scheme's Defined Benefit Section (DB Section) from 28 February 2017. On 18 September 2017, the Trustees implemented a de-risking strategy whereby the level of investment risk inherent in the Scheme's investment arrangements reduces as the Scheme's funding level improves. The Trustees agreed the way in which the investment risk should be reduced and have delegated the implementation of the de-risking strategy to Mercer. Mercer constructs portfolios of investments that are expected to maximise the return given the targeted level of risk. The Trustees' most recent review of the Scheme's investment strategy was completed during October 2020 and the agreed adjustments were implemented during November 2020.

PFT Limited has been appointed by the Trustees of the scheme as custodian of the cash held in connection with the administration of the scheme. The Trustees of the scheme are responsible for ensuring the Scheme's assets continue to be securely held.

Analysis of the amount charged to net finance charges

	2022	2021
	\$'000	\$'000
Net interest (credit)	(198)	(22)

Analysis of the actuarial (loss)/gain recognized in the statement of comprehensive income

	2022	2021
	\$'000	\$'000
Actual return less expected return on assets	(46,704)	2,775
Changes in assumptions over obligation	39,092	4,215
Net actuarial (loss)/gain recognised	(7,612)	6,990
Cumulative amount of actuarial loss recognised	(22,882)	(15,270)

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****21 Pensions (continued)****Movements in the present value of defined benefit obligations**

	2022 \$'000	2021 \$'000
Benefit obligation at beginning of year	107,518	112,216
Loss on changes (see below)	10,943	-
Interest cost	1,717	1,612
Effect of changes in assumptions	(39,092)	(4,214)
Benefits paid	(1,727)	(2,096)
Effect of changes in foreign exchange rates	(11,277)	-
Benefit obligation at end of year	68,082	107,518

The liabilities of the scheme result wholly from obligations to provide pensions and related benefits to employees and former employees. The liabilities of the scheme are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit credit method. Estimated future cash flows are discounted at the current rate of return on high quality corporate bonds of an equivalent term to the liability. Actuarial gains and losses are recognised in full in the year in which they occur in the statement of comprehensive income.

Following the acquisition of the PPD Inc. Group by Thermo Fisher Scientific Inc and the associated legal diligence, the company is currently working with the trustees to reassess the rules and documentation governing the closure of its defined benefit pension scheme in 2009. As a result an additional liability of \$10,943,000 has been recognized as a past service cost relating to the defined benefit plans for the year ended 2022.

Change in plan assets

	2022 \$'000	2021 \$'000
Fair value of plan assets at beginning of year	116,954	110,879
Actual return on plan assets	(46,704)	2,775
Interest income	1,916	1,634
Employer contributions	3,487	3,762
Benefits paid from plan	(1,727)	(2,096)
Effect of changes in foreign exchange rates	(12,267)	-
Fair value of plan assets at end of year	61,659	116,954

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****21 Pensions (continued)****Amounts recognized in the balance sheet**

	2022 \$'000	2021 \$'000
Fair value of plan assets	61,659	116,954
Present value of funded obligations	(68,082)	(107,518)
(Deficit)/surplus for funded plans	(6,423)	9,436

The actuarial valuation showed a deficit of \$6,423,000 as at 31 December 2022 compared to surplus of \$9,436,000 as at 31 December 2021. The Scheme was closed to new members with effect from December 2002 and therefore under the projected unit method the past service cost would be expected to increase as the members of the scheme approach retirement.

On 31 December 2009 the Scheme was also closed to existing members and ceased to accept contributions from them. Following the closure, no further contributions based on pensionable salary will be payable by the company going forward. The company will, however, continue to make contributions in respect of the funding plan.

Governance and risk management

The Trustees of the Scheme have in place a business plan which sets out their objectives in areas such as administration, investment, funding and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustees run the scheme efficiently.

Expected rate of return on scheme assets

The expected rate of return on assets is calculated as the average rate of return expected on the assets held in the Scheme over the remaining life. This includes income and changes in the asset fair value, net of Scheme expenses, and is based on market expectations at the beginning of the period. This assumption is used to determine the expected return on assets for the pension expense.

Defined contribution scheme

Contributions paid to defined contribution pension schemes during the year amounted to \$9,299,000 (2021: \$9,128,000). \$1,146,000 (2021: \$923,000) of contributions were outstanding at 31 December 2022.

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****22 Financial commitments**

The company has entered into various non-cancellable operating leases in respect of plant and equipment, the payments for which extend over a period up to five years. In addition, the company leases certain land and buildings on long term leases. The rents payable under these leases are subject to renegotiation at various intervals as specified in the lease.

The company's total future minimum operating lease payments are as follows:

	2022		2021	
	Land and buildings \$'000	Plant and equipment \$'000	Land and buildings \$'000	Plant and equipment \$'000
- within one year	3,947	1,484	4,719	1,482
- within two to five years	5,783	1,535	9,232	1,349
- in over five years	3,029	-	4,714	-
	12,759	3,019	18,665	2,831

The company's total capital commitments are nil.

23 Financial instruments

The carrying values of the company's financial assets and liabilities are summarised by category below:

Financial assets measured at amortised cost

	2022 \$'000	2021 \$'000
- Cash at bank	792,532	124,218
- Trade debtors (see note 15)	275,149	234,062
- Other debtors (see notes 15 and 16)	12,400	6,826
- Amounts due from group undertakings (see note 15)	219,819	482,665
	1,299,900	847,771

23 Financial instruments (continued)

PPD Global Ltd

Notes to the financial statements for the year ended 31 December 2022

Financial liabilities measured at amortised cost

	2022	2021
	\$'000	\$'000
Measured at undiscounted amount payable		
- Trade creditors (see note 17)	23,114	17,717
- Payables to investigators (see note 17)	188,256	174,857
- Amounts owed to group undertakings (see note 17)	319,389	230,267
- Other creditors	54,380	46,997
	585,139	469,838

Other financial liabilities

	2022	2021
	\$'000	\$'000
Finance Leases (see note 17)	-	45
	-	45

24 Related party transactions

As a wholly owned subsidiary of Thermo Fisher Scientific Inc. (see note 25), the company is exempt from the requirement to disclose details of transactions with other wholly owned group companies.

There are no other transactions with related parties requiring disclosure under FRS 102 Section 33.

25 Immediate and ultimate parent company

The company is a wholly owned subsidiary undertaking of, and is controlled by, PPD UK Holdings Limited, a company registered in England and Wales.

At 31 December 2022 the directors regarded Thermo Fisher Scientific Inc., a company registered in the State of Delaware, USA, as the ultimate holding company.

The registered address of Thermo Fisher Scientific Inc., is:

168 Third Avenue
Waltham, MA 02451
USA

The smallest and largest company that PPD Global Ltd is consolidated into is Thermo Fisher Scientific Inc. Copies of the accounts of Thermo Fisher Scientific Inc. can be obtained from: The Company Secretary; PPD UK Holdings Limited, Granta Park, Great Abington, Cambridge, CB21 6GQ, UK.

26 Post balance sheet events

There are no such events (see Directors report).

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****27 Reconciliation of previously published financial statements to restated prior period comparatives**

As described in notes 1 and 2, during the year, the Directors performed a reassessment of the Company's functional currency, concluding that the currency that mainly influences both services and the costs of providing these services has been the USD since on or before 1 January 2020. In accordance with FRS 102 Section 30 the balances and results disclosed previously in GBP in the 2021 financial statements have been restated using USD as the functional and presentation currency.

Given the nature of the change, it is considered that quantification of the impact of the change of the prior period financial statements would not provide meaningful or useful information. The Profit and loss account and Balance sheet set out below therefore show the financial information as originally presented in GBP in accordance with FRS102 and these balances in USD as they would have been presented in accordance with FRS 102.

Profit and loss account

	Years ended 31 December	
	Previously stated in GBP £'000	2021 Converted to USD after functional currency change \$'000
Turnover	1,426,060	1,961,498
Cost of sales	(1,101,711)	(1,516,691)
Gross profit	324,349	444,807
Administrative expenses	(59,353)	(106,179)
Operating profit	264,996	338,628
Interest receivable and other similar income	1,383	1,903
Interest payable and other similar expenses	(2,597)	(3,572)
Financing income in relation to pension asset/liability	16	22
Profit before taxation	263,798	336,981
Tax on profit	(38,413)	(52,834)
Profit for the financial year	225,385	284,147

PPD Global Ltd**Notes to the financial statements for the year ended 31 December 2022****27 Reconciliation of previously published financial statements to restated prior period comparatives (continued)****Balance sheet**

	As at 31 December 2021	
	Previously stated in GBP £'000	Converted to USD after functional currency change \$'000
Fixed assets		
Tangible assets	8,190	13,986
Investments	1	1
	8,191	13,987
Current assets		
Debtors: amounts falling due within one year	1,162,360	1,561,527
Debtors: amounts falling due after more than one year	2,175	2,922
Cash at bank and in hand	92,465	124,218
	1,257,000	1,688,667
Creditors: amounts falling due within one year	(851,598)	(1,145,178)
Net current assets	405,402	543,489
Total assets less current liabilities	413,593	557,476
Deferred tax liabilities	(2,244)	(3,015)
Deferred income	(1,120)	(1,505)
Net assets	410,229	552,956
Capital and reserves		
Called up share capital	10,526	16,473
Retained earnings	399,703	536,483
Total equity	410,229	552,956