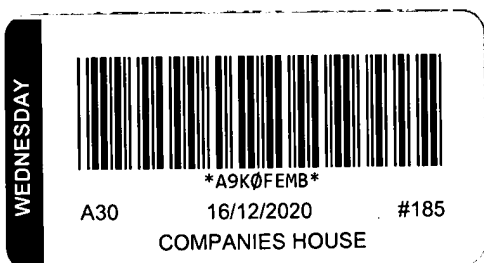


BTG Limited

**Annual Report and Financial Statements
for the 9 months to 31 December 2019**

Registered Number 02670500



BTG Limited

Annual report for the 9 months to 31 December 2019

Contents	Page
Strategic report	2
Directors' report.....	4
Directors' responsibilities statement.....	7
Independent auditor's report to the members of BTG Limited.....	8
Income statement	10
Statement of comprehensive income.....	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13

BTG Limited

Strategic report

Principal Business and Review

On 19 August 2019, Boston Scientific Corporation ('BSC') completed its acquisition of the BTG Group comprising BTG Limited (formerly BTG plc) ('BTG') and its subsidiary undertakings. Accordingly, the Company is a member of the BSC Group (the 'Group') comprising BSC and its subsidiary undertakings.

From 1 April 2019 to 19 August 2019, the Company's principal activity was to provide management services. Following the BSC acquisition and the resignation of the Directors on 19 August 2019, the Company's principal activity is now to act as a holding company for the legacy BTG Group.

As a result of this the company is not measured against any key performance indicators and has no strategic objective.

In the 9 month period to 31 December 2019, there was an operating loss of £70.8m (year to 31 March 2019: £22.1m loss), with the increase primarily related to deal related fees stemming from the acquisition by Boston Scientific. The Company received dividends of £303.9m during the period from its subsidiaries.

Principal risks and uncertainties

The Company's activities have primarily been the provision of services to fellow subsidiaries of the BSC Group and the Company's performance is therefore dependent upon the requirement for its services and ultimate repayment of amounts due from BSC Group companies.

Brexit

The effect of Brexit on the BSC Group is not currently considered to be material but significant uncertainties remain over the final form, if any, that Brexit will take, so the risks will continue to be assessed. Plans have been drawn up to deal with risks resulting from a 'hard' Brexit.

Section 172 (1) Statement

Section 172 (1) of the Companies Act 2006 provides that a director of a company must act in the way he considers, 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 following six factors:

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

The directors, both individually and together, are aware of this duty and consider that they have acted in accordance of s172 of the Companies Act 2006.

The company is a holding company for the legacy BTG Group and is required to prepare an s172 statement as a result of its intermediate parent status. The items reported are specific to the company, with each subsidiary entity reporting separately.

BTG Limited


Strategic report (continued)

Section 172 (1) Statement (continued)

Matters below summarise how the Directors fulfilled their duty.

Who?	Why?	How?	What?	Outcomes and Actions
Our People	Employee engagement is a key factor in the success of the Company	<p>The Company regularly engages with employees in local site townhall meetings to share and discuss current important information and encourage employee feedback</p> <p>This engagement also occurs at a higher BSC Group level with quarterly business updates and regional meetings</p>	<p>Employee question and answer sessions are held at the end of townhall meeting to address employee concerns</p> <p>BSC also utilises online anonymous surveys to gather more sensitive feedback</p>	Management use the information received from these sessions and surveys to ensure they address employee concerns
	Acquisition of the BTG Group by Boston Scientific has led to employee uncertainty over the future of current roles and the implications for duplication	<p>BSC and BTG management created an integration workgroup to address the implications of the acquisition employees and identify areas of potential redundancy</p> <p>Following the output from the workgroup employees and employee representatives engaged with BSC management to identify the impact of job redundancies</p>	Management engaged with wider Boston Scientific organisation to ensure new roles and opportunities identified with the objective of reducing the impact of redundancies	New roles and vacancies within the organisation were identified and redundancies only made as a last resort
Shareholders The Company is a 100% subsidiary of Boston Scientific	The acquisition of the BTG Group requires the Company to maximise profitability within the BSC Group	BSC and BTG management created an integration workgroup to review the structure of the combined group and produce a roadmap for the successful future integration	The initial stages of the roadmap concern the transfer of commercial operations and functions previously managed by Bio UK over to BSC	Cost reduction by the removal of duplicate functions and wider patient access through the Boston commercial teams to Bio UK products

On behalf of the Board


Jonathan Monson
Director

Registered Office
100 New Bridge Street
London EC4V 6JA

10 December 2020

Registered Number 02670500

BTG Limited

Directors' report

The Directors present their report together with the financial statements and the independent auditor's report for the 9 month period to 31 December 2019. A summary of the financial performance and position of the company is discussed in the strategic review on page 2.

Directors and their interests

The Directors who held office during the period and up to the date of this report are given below:

Jonathan Monson (appointed 28 February 2020)
Vance Brown (appointed 19 August 2020)
Timothy Martel (appointed 19 August 2019 / resigned 28 February 2020)
Louise Makin (resigned 19 August 2019)
Duncan Kennedy (resigned 19 August 2019)
Garry Watts (resigned 19 August 2019)
Greg Barrett (resigned 19 August 2019)
Susan Foden (resigned 19 August 2019)
Graham Hetherington (resigned 19 August 2019)
Ian Much (resigned 19 August 2019)
Richard Wohanka (resigned 19 August 2019)
Jim O'Shea (resigned 19 August 2019)
Anne Thorburn (resigned 19 August 2019)

Directors' remuneration is disclosed in note 6. None of the Directors had an interest in any contract of significance to which the Company or any of its subsidiaries was party to during the period.

Dividend

The Directors paid a dividend of £243.9m during the period (year to 31 March 2019: £nil).

Political contributions

The Company neither made political donations nor incurred any political expenditure during the 9 month to 31 December 2019 (year to 31 March 2019: £nil).

COVID-19

In December 2019, the novel strain of coronavirus (SARS-Cov-2), and its disease commonly known as COVID-19, was reported in China and has since widely impacted the global public health and economic environment. In March 2020, the World Health Organization ("WHO") declared COVID-19 a global pandemic.

As a holding company with no employees, COVID-19 has not had a direct impact on the Company. The effect on its subsidiary undertakings and hence the performance of Company's investments was as follows.

BTG Limited

Directors' report (continued)

COVID-19 (continued)

As COVID-19 reached a global pandemic level, medical procedural volumes significantly declined, negatively impacting revenue and operating income. While the majority of procedures using the products of the Company's subsidiary undertakings are deferrable, most of the conditions treated are generally fairly acute and cannot be deferred for extended periods. As the pandemic spread worldwide and with COVID-19 cases confirmed in all major geographies, many elective and semi-emergent procedures were postponed, enabling hospital staff to focus critical resources on caring for COVID-19 patients. Exceptions to the above are:

- the Speciality Pharmaceutical business, where COVID-19 has not had any significant impact on operations other than the need to ensure a safe working environment for the Company's employees; and
- Zytiga royalties, where the Company's subsidiary undertaking sold its share of rights to royalties to a third party for a fixed amount that will be recognised in profit or loss over the period that royalties are expected to be received. Consequently, whilst COVID-19 may impact when income is recognised, the absolute value of income recognised is fixed and will not be affected by COVID-19.

The pandemic unfavourably impacted the BSC Group's key financial performance indicators for the second quarter of 2020, however sequential improvement in its financial performance has been noted in the third quarter of 2020 compared to the second quarter of 2020, and further sequential improvement in the fourth quarter of 2020 is forecasted, unless there is a resurgence of COVID-19 infections causing further delays of elective procedures and reducing demand for the Group's products.

The BSC Group continues to focus its efforts on the health and safety of patients, healthcare providers and employees, while executing its mission of transforming lives through innovative medical solutions to improve the health of patients around the world. Since the onset of COVID-19, its global crisis management team has focused on protecting its employees and customers, optimizing its operations and securing its supply chain. The BSC Group has successfully implemented business continuity plans including establishing a medical advisory group for employees, leveraging work from home infrastructure to facilitate social distancing, limiting sales visits to critical cases and accelerating capabilities to provide remote physician support. While the BSC Group expects the COVID-19 pandemic will continue to negatively impact its 2020 performance, the Group continue to believe the long-term fundamentals remain strong and it will manage through these challenges with strategic focus and the winning spirit of the global team.

Dividend received

On 20 November 2020, the company received a dividend of £24.1m from a subsidiary undertaking.

Sale of the BTG Speciality Pharmaceuticals business

On 1 December 2020, BSC announced that it had entered into a definitive agreement with Stark International Lux S.A.R.L., and SERB SAS, affiliates of SERB, a European specialty pharmaceutical group, to sell its BTG Specialty Pharmaceuticals business comprising BTG International Healthcare Limited and its subsidiary undertakings, which are indirect subsidiaries of the Company, for \$800 million in cash. The transaction is expected to close in the first half of 2021, subject to customary regulatory approvals and other closing conditions.

Going concern

On the basis of current financial projections and cash resources and facilities available, and after making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

In reaching their opinion, the Directors have taken into consideration the impact of COVID-19 on the Company.

Disclosure of information to Auditor

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

BTG Limited

Directors' report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed reappointed and EY will therefore continue in office.

By order of the Board

A handwritten signature in black ink, appearing to be 'J Monson', written over a horizontal line.

Jonathan Monson
Director

Registered Office
100 New Bridge Street
London EC4V 6JA

10 December 2020

Registered Number 02670500

BTG Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Independent auditor's report to the members of BTG Limited

Opinion

We have audited the financial statements of BTG Limited for the 9 months ended 31 December 2019 which comprise the Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 15, 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 FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the period 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 below. 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of BTG Limited (continued)

Matters on which we are required to report by exception

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 directors' report.

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 on page 7, 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.

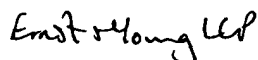
Auditor's responsibilities for the audit of the financial statements

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. 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.

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

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.



Neil Cullum (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

10 December 2020

BTG Limited

Income statement for the 9 months to 31 December 2019

	Notes	9 months to 31 Dec 2019 £m	Year to 31 Mar 2019 £m
Operating expenses		(20.6)	(18.1)
Acquisition and reorganisation costs		(50.2)	(4.0)
Operating loss	4	(70.8)	(22.1)
Financial income	7	303.9	-
Financial expense	7	(0.5)	(0.7)
Profit/(Loss) before tax		232.6	(22.8)
Tax credit	8	5.4	4.1
Profit/(Loss) for the period		238.0	(18.7)

All activity arose from continuing operations.

Statement of comprehensive income for the 9 months to 31 December 2019

	9 months to 31 Dec 2019 £m	Year to 31 Mar 2019 £m
Profit/(Loss) for the period	238.0	(18.7)
Other comprehensive expense		
Items that will not be reclassified subsequently to profit or loss		
Deferred tax on share awards	-	0.8
Other comprehensive income for the period	-	0.8
Total comprehensive income/(loss) for the period	238.0	(17.9)

The notes on pages 13 to 26 form part of these financial statements.

BTG Limited

Statement of financial position as at 31 December 2019

		31 Dec 2019	31 Mar 2019
Assets	Notes	£m	£m
Non-current assets			
Investments in subsidiaries	9	789.8	787.4
Deferred tax asset	8	-	1.5
		789.8	788.9
Current assets			
Trade and other receivables	10	69.2	70.0
Cash and cash equivalents		0.3	0.5
		69.5	70.5
Total assets		859.3	859.4
Equity			
Share capital	12	39.2	38.7
Share premium	12	442.2	438.4
Merger reserve		317.8	317.8
Retained earnings		52.1	50.9
Total equity		851.3	845.8
Current liabilities			
Trade and other payables	11	8.0	13.6
Total liabilities		8.0	13.6
Total equity and liabilities		859.3	859.4

The financial statements were approved by the Board of Directors on 10 December 2020 and were signed on its behalf by:



Jonathan Monson
Director

The notes on pages 13 to 26 form part of these financial statements.

Registered Number 02670500

BTG Limited

Statement of changes in equity for the 9 months to 31 December 2019

	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
At 1 Apr 2018	38.6	437.7	317.8	62.1	856.2
Loss for the year	-	-	-	(18.7)	(18.7)
Deferred tax on share awards	-	-	-	0.8	0.8
Total comprehensive loss for the year	-	-	-	(17.9)	(17.9)
Transactions with owners:					
Issue of ordinary shares	0.1	0.7	-	-	0.8
Movement in shares held by the Employee Share Ownership Trust	-	-	-	(3.3)	(3.3)
Share-based payments	-	-	-	10.0	10.0
	0.1	0.7	-	6.7	7.5
At 31 Mar 2019	38.7	438.4	317.8	50.9	845.8
Profit for the period	-	-	-	238.0	238.0
Total comprehensive income for the period	-	-	-	238.0	238.0
Transactions with owners:					
Issue of ordinary shares	0.5	3.8	-	-	4.3
Dividends	-	-	-	(243.9)	(243.9)
Movement in shares held by the Employee Share Ownership Trust	-	-	-	(3.9)	(3.9)
Share-based payments	-	-	-	11.0	11.0
	0.5	3.8	-	(236.8)	(232.5)
At 31 Dec 2019	39.2	442.2	317.8	52.1	851.3

The notes on pages 13 to 26 form part of these financial statements.

BTG Limited

Notes to the financial statements for the 9 months to 31 December 2019

1 General information

BTG Limited is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 3. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 2.

The financial statements have been prepared in accordance with the accounting policies as described below.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of accounting and preparation of financial statements

The Company has transitioned to preparing its financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'), from EU-adopted IFRS. This change had no material effect on the measurement of the amounts in these financial statements for either of the periods presented. The financial statements have been prepared under the historical cost convention, as modified to include revaluation to fair value of certain financial instruments as set out below.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

These financial statements are presented in Sterling and all values are stated in millions to one decimal place except where otherwise indicated.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B–D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

2 Significant accounting policies (continued)

(a) Basis of accounting and preparation of financial statements (continued)

On the basis of current financial projections and cash resources and facilities available, and after making due enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

In reaching their opinion, the Directors have taken into consideration the impact of COVID-19 on the Company.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Exchange gains/losses on retranslation of foreign currency transactions and balances within trading intercompany balances are recognised in the income statement.

Non-monetary assets and liabilities that are measured at historical cost or stated at fair value are translated using the exchange rate ruling at the date of transaction or the date the fair value was determined.

(c) Investments in subsidiaries

Investments in subsidiaries are carried at cost, less provisions for permanent diminution in value.

(d) Trade and other receivables

Trade and other receivables are stated at amortised cost net of any provisions. Provisions for bad and doubtful debts reflect the value of trade and other receivables to their estimated recoverable amounts based on future expected credit losses.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management and for which the Company has a legal right of set-off are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash deposits with a maturity of greater than three months are classified as held to maturity financial assets.

(f) Impairment

All assets are reviewed for impairment when there is an indicator of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The Company reviews its assets for impairment as follows:

(i) Investments in subsidiaries

Impairment is deemed to arise when there is a significant or prolonged decline in the fair value of the equity instrument. Impairment losses are recognised in the income statement.

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

2 Significant accounting policies (continued)

(g) Employee benefits

(i) Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred. Payments made to state-managed retirement benefit schemes are dealt with in the same manner as payments to defined contribution plans where the Company's obligations under the plans are equivalent to a defined contribution retirement benefit plan. The funds of the schemes are independent of the Company's finances.

(ii) Share-based payments

The share option programme allowed Company employees to acquire shares of BTG, subject to certain criteria. The fair value of options granted was recognised as an expense of employment in the income statement with a corresponding increase in equity. The fair value was measured at the date of grant and spread over the period during which the employees became unconditionally entitled to the options. The fair value of the options granted was measured using a Black-Scholes or stochastic model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense in any period was adjusted to reflect the actual number of share options that vested. However if share options failed to vest due to share prices not achieving the designated performance threshold for vesting, no such adjustment took place.

(h) Trade and other payables

Trade and other payables, except for contingent consideration liabilities, are not interest-bearing and are stated at amortised cost.

(i) Financial expense

Financial expense comprises interest payable during the period, calculated using the effective interest rate method, as well as other financing costs and borrowings.

(j) Tax

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

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

Deferred tax is provided on temporary differences arising between the carrying value of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or where, in respect of taxable temporary differences associated with investments in subsidiaries and associates, it is probable that the temporary differences will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying value of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

2 Significant accounting policies (continued)

(k) Merger reserves

A merger reserve is used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under s612 and s613 of the Companies Act 2006.

3 Critical accounting judgements

Recoverability of investments

Determining whether investments are recoverable requires an estimation of the fair value less costs to sell of the cash-generating units which represent the fair value of the investment. The fair value less costs to sell calculation requires estimation of future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. There is a risk of material adverse impact on the income statement should an impairment adjustment be required to be reflected in the financial statements.

4 Operating loss

	9 months to 31 Dec 2019 £m	Year to 31 Mar 2019 £m
Operating loss is stated after charging:		
Staff costs (note 5)	9.1	7.7

	9 months to 31 Dec 2019 £'000	Year to 31 Mar 2019 £'000
The analysis of Auditor's remuneration is as follows:		
Audit of the Company's annual financial statements	22	445
Other audit related assurance services	-	94
Corporate finance services in relation to the recommended cash offer for BTG by BSC	-	280

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

5 Staff costs

The average number of persons employed by the Company (including Directors) during the period is analysed below:

	9 months to 31 Dec 2019 Number	Year to 31 Mar 2019 Number
Management	6	12
Administration & Business Support	-	1
	6	13

	9 months to 31 Dec 2019 £m	Year to 31 Mar 2019 £m
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	4.4	3.5
Social security costs	1.6	0.7
Share based payment charge	3.1	3.5
	9.1	7.7

The share based payment expense included within the staff costs analysis above is an expense related to the grant of share options or share awards in BTG.

The Company offers defined contribution pension schemes for its employees which are operated by external providers. The only obligation of the Company with respect to these schemes is to make the specified contributions.

6 Directors' remuneration

Of the Directors who served during the period, ten Directors were remunerated by the Company for the 9 months to 31 December 2019 (year to 31 March 2019: eleven). The remaining two directors (year to 31 March 2019: none) were remunerated by other BSC Group entities, with remuneration included on an apportioned basis to reflect time spent in their role as directors of BTG Limited.

Aggregate remuneration of the directors was as follows:

	9 months to 31 Dec 2019 £k	Year to 31 Mar 2019 £k
Aggregate Emoluments	1,273	2,791
Pension contributions – defined benefit scheme	28	75
Compensation for loss of office	4,156	-
	5,457	2,866

During the period three Directors (year to 31 March 2019: two) including the Directors remunerated by other BSC Group entities exercised share options.

During the period one Director (year to 31 March 2019: none) including the Directors remunerated by other BSC Group entities were members of the BTG Group defined contribution pension scheme and one Director (year to 31 March 2019: one) was a member of the BTG Group defined benefit pension scheme.

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

6 Directors' remuneration (continued)

Aggregate remuneration of the highest paid director was as follows:

	9 months to 31 Dec 2019 £k	Year to 31 Mar 2019 £k
Aggregate emoluments	651	1,317
Pension contributions – defined benefit scheme	28	75
Compensation for loss of office	2,483	-
	3,162	1,392
Accrued annual pension under defined benefit scheme	39	37

The highest paid director exercised share options during the current period and in the year to 31 March 2019.

The highest paid director was a member of the defined contribution pension scheme during the current period and in the year to 31 March 2019.

7 Financial income/ (expense)

	9 months to 31 Dec 2019 £m	Year to 31 Mar 2019 £m
Financial income		
Dividends from subsidiary undertaking	303.9	-
Financial expense		
Other financial expense	(0.5)	(0.7)

8 Tax

	9 months to 31 Dec 2019 £m	Year to 31 Mar 2019 £m
Current taxation		
Current period group relief	(6.7)	(3.2)
Adjustments in respect of prior periods	(0.2)	0.1
Total current taxation charge	(6.9)	(3.1)
Deferred taxation credit	1.5	(1.0)
Total tax charge for the period	(5.4)	(4.1)

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

8 Tax (continued)

Corporation tax in the UK is calculated at 19% of the estimated assessable profit for the period. The tax charge for the period is lower than that arising from applying the standard rate of corporation tax in the UK of 19% (year ended 31 March 2019: 19%). The differences are explained below:

	9 months to 31 Dec 2019 £m	Year to 31 Mar 2019 £m
Profit/(loss) before tax	232.6	(22.8)
Tax charge on profit on ordinary activities at 19% (year to 31 Mar 2019: 19%)	44.2	(4.3)
Adjustments in respect of prior years	(0.2)	0.1
Adjustments to tax rates	(0.2)	-
Expenditure not deductible for tax purposes	8.5	0.1
Non-taxable dividend income	(57.7)	-
	5.4	(4.1)

The movement on the deferred tax asset is as shown below:

	9 months to 31 Dec 2019 £m	Year to 31 Mar 2019 £m
Deferred tax asset recognised at 1 Apr	1.5	0.5
Income statement credit	(1.5)	1.0
Deferred tax asset recognised at 31 Dec/31 Mar	-	1.5

The deferred tax asset at 31 March 2019 relates to tax losses, share options and timing differences recognised at 17% and the fair value of derivatives recognised at 19%.

A deferred tax asset has been recognised because the directors are of the view, based on current and budgeted profits, that the level of profits in future years will lead to the realisation of this asset.

9 Investments in subsidiaries

	£m
Cost	
At 1 Apr 2019	787.4
Share based payments	7.9
Write down of investments	(5.5)
At 31 Dec 2019	789.8

During the 9 months to 31 December 2019, certain subsidiaries held indirectly by the Company were sold to other BSC Group companies as part of a reorganisation. Accordingly, the cost of investment in subsidiaries was reduced by the capital contribution that had previously arisen on share based payments granted for the benefit of these companies.

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

9 Investments in subsidiaries (continued)

Subsidiary investments

Details of subsidiary undertakings, all of which are wholly owned and incorporated in the United Kingdom and registered in England and Wales, unless shown otherwise, are listed below. All subsidiary undertakings have the same reporting date as the Company and operate principally in their country of incorporation.

Direct holdings	Registered Office	Class of capital	Principal activity
BTG International (Holdings) Limited	100 New Bridge Street, London, EC4V 6JA	Ordinary	Investment in Intellectual Property Rights ('IPR') management companies
Provensis Limited	Riverside Way, Watchmoor Park, Camberley, GU15 3YL	Ordinary	Development and commercialisation of IPR
Biocompatibles International Limited	Chapman House, Farnham Business Park, Weydon Lane, Farnham, Surrey GU9 8QL	Ordinary	Investment and management of group companies
Indirect holdings	Registered Office	Class of capital	Principal activity
BTG International Germany GmbH (Germany)	Hansaallee 101, 40549, Düsseldorf, Germany	No par value shares	Sales support
Biocompatibles UK Limited	Chapman House, Farnham Business Park, Weydon Lane, Farnham, Surrey GU9 8 QL	Ordinary	Development, management and commercialisation of IPR
BTG International Limited	100 New Bridge Street, London, EC4V 6JA	Ordinary	Development, management and commercialisation of IPR
BTG Management Services Limited	100 New Bridge Street, London, EC4V 6JA	Ordinary	Investment and management of group companies
BTG International Asia Limited (Hong Kong, China)	21st Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong	Ordinary	Sales support for the interventional medicine business
PneumRx GmbH (Germany)	Hansaallee 101, 40549, Düsseldorf, Germany	No par value shares	Commercialisation and sale of the RePneu® Coil System
BTG International Healthcare Limited	100 New Bridge Street, London, EC4V 6JA	Ordinary	Holding company
Protherics Medicines Development Limited	100 New Bridge Street, London, EC4V 6JA	Ordinary	Development, management and commercialisation of pharmaceutical IPR
BTG International Healthcare Inc. (Delaware, USA)	300 Four Falls Corporate Center, 300 Conshohocken State Road, Suite 300, West Conshohocken, PA 19428, United States	Common stock	Group financing
Protherics UK Limited	Blaenwaun Ffostrasol, Llandysul, Ceredigion, Wales SA44 5JT	Ordinary	Research, development, manufacture and sale of pharmaceutical products
BTG International Inc. (Delaware, USA)	300 Four Falls Corporate Center, 300 Conshohocken State Road, Suite 300, West Conshohocken, PA 19428, United States	Common stock	Research, development and sale of pharmaceutical products
BTG Australasia Pty Ltd (Australia)	Turretfield Research Centre, 129 Holland Road, Rosedale SA 5350, Australia	Ordinary	Manufacture and sale of pharmaceutical products
PneumRx LLC (formerly PneumRx, Inc.) (Delaware, USA)	11911 N. Creek Parkway S., Bothell, Washington 98011, United States	Common stock	Development, manufacture and commercialisation of the RePneu® Coil System
BTG International Healthcare LLC (Delaware, USA)**	300 Four Falls Corporate Center, 300 Conshohocken State Road, Suite 300, West Conshohocken, PA 19428, United States	Ordinary	Group financing
Protherics Medicines Development Europe B.V. (NL)	Looskade 20, 6041LE, Roermond, Netherlands	Ordinary	Dormant

** Principal place of business is the UK.

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

10 Trade and other receivables

	31 Dec 2019 £m	31 Mar 2019 £m
Amounts due within one year:		
Amounts owed by Group companies	68.8	68.7
Other debtors	-	0.4
Prepayments	0.4	0.9
	69.2	70.0

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

11 Trade and other payables

	31 Dec 2019 £m	31 Mar 2019 £m
Amounts falling due within one year:		
Amounts owed to Group companies	6.8	8.2
Other payables	0.9	2.3
Accruals	0.3	3.1
	8.0	13.6

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

12 Share capital

	Shares Number	Share capital £m	Share Premium £m
Allotted, called up and fully paid			
Ordinary shares of 10p each			
At 1 Apr 2018	386,492,575	38.6	437.7
Issued for cash	750,844	0.1	0.7
At 31 Mar 2019	387,243,419	38.7	438.4
Issued for cash	5,243,584	0.5	3.8
At 31 Dec 2019	392,487,003	39.2	442.2

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

13 Share-based payments

During the 9 months to 31 December 2019, no share options were issued and all outstanding options at the date of acquisition by BSC were exercised. Details of the plans that operated in the year to 31 March 2019 are set out below.

Share options

Employees of the Company were entitled to participate in awards, available to all eligible members of the BTG Group, under an equity-settled share option plan that entitled employees to purchase shares in BTG. In accordance with the rules of the plan, options were granted at the market price of the shares on the date of grant with a vesting period of generally three years. They may only be exercised upon the attainment of certain performance criteria. If the options remain unexercised after a period of ten years from the date of grant, the options expired. Furthermore, options were forfeited if the employee left the Group before the options vested unless the conditions under which they left were such that they were considered to be a 'good leaver'. In this case their options remained exercisable for a limited period of time.

Sharesave plan

The Company operated an HMRC-approved save-as-you-earn scheme, open to all eligible employees (including executive directors) who opened an approved savings contract, to enable them to purchase shares in the Company. The options were exercisable after three years at a price not less than 80% of the market value of the shares at the date of grant.

Performance share awards

The Group had established a performance share scheme for the purpose of making awards, initially to executive directors of BTG. This had been extended to selected members of senior management below Board level. The vesting period was generally three years. Awards were forfeited if the employee left the Group before the awards vested, unless the conditions under which they left were such that they were considered to be a 'good leaver'; in which case their award was released following their departure.

Deferred share bonus plan

The Group established a deferred share bonus plan for the purpose of making awards, initially to executive directors of BTG. This had been extended to selected members of senior management below Board level. The shares vested on the third anniversary of the grant date. Awards were forfeited if the employee left the Group before the awards vested, unless the conditions under which they left were such that they were considered to be a 'good leaver'; in which case their award was released following their departure, though it may be prorated for time at the discretion of the Remuneration Committee.

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

13 Share-based payments (continued)

Option pricing

For the purposes of valuing options to arrive at the share-based compensation charge, a Black-Scholes or alternative valuation model was used. No options were issued in the 9 months to 31 December 2019. The assumptions used in the model for options issued in the year to 31 March 2019 were as follows.

	31 Mar 2019
Risk-free interest rate	0.7% - 1.0%
Dividend yield	Nil
Volatility	27%-29%
Expected lives of options granted under:	
- Share option plan	3 years
- Sharesave plan	3.45 years
- Performance share plan	2 - 3 years
- Deferred share bonus plan	3 years
Weighted average fair value for share option grants in the year	93.5p
Weighted average fair value for sharesave grants in the year	147.0p
Weighted average fair value for performance share awards in the year	367.1p
Weighted average fair value for deferred share bonus awards in the year	520.0p

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options or restricted shares), adjusted for any expected changes to future volatility due to publicly-available information.

Share options were granted under a service condition, a non-market condition and a market condition. Service and non-market conditions were not taken into account in calculating the fair value measurement of the services received.

Performance shares were awarded under a service condition, a non-market condition and a market condition. Service and non-market conditions were not taken into account in calculating the fair value measurement of the services received.

Details of options and awards under the Group's share plans are shown in the tables below.

	9 months to 31 Dec 2019		Year to 31 Mar 2019	
	Number of share options (000)	Weighted average exercise price (p)	Number of share options (000)	Weighted average exercise price (p)
Share options				
Outstanding at 1 April	668	254.1	672	258.5
Granted during period	-	-	6	520.0
Exercised during period	(668)	254.1	(10)	688.5
Outstanding at 31 Dec/31 Mar	-	-	668	254.1
Exercisable at 31 Dec/31 Mar	-	-	-	-

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

13 Share-based payments (continued)

		9 months to 31 Dec 2019		Year to 31 Mar 2019
	Number of sharesave options (000)	Weighted average exercise price (p)	Number of sharesave options (000)	Weighted average exercise price (p)
Sharesave plan				
Outstanding at 1 April	10	497.7	17	533.8
Granted during period	-	-	6	428.3
Exercised during period	(6)	518.2	(3)	504.4
Lapsed during period	(4)	467.4	(10)	516.2
Outstanding at 31 Dec/31 Mar	-	-	10	497.7
Exercisable at 31 Dec/31 Mar	-	-	-	-

	9 months to 31 Dec 2019	Year to 31 Mar 2019
	Number of share awards (000)	Number of share awards (000)
Performance share awards		
Outstanding at 1 April	1,195	1,320
Granted during period	-	451
Lapsed during period	(105)	(299)
Exercised during period	(1,090)	(277)
Outstanding at 31 Dec/31 Mar	-	1,195
Exercisable at 31 Dec/31 Mar	-	-

	9 months to 31 Dec 2019	Year to 31 Mar 2019
	Number of share awards (000)	Number of share awards (000)
Deferred share bonus plan		
Outstanding at 1 Apr	101	97
Granted during the period	95	39
Exercised during period	(190)	(35)
Lapsed	(6)	-
Outstanding at 31 Dec /31 Mar	-	101
Exercisable at 31 Dec/31 Mar	-	-

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

14 Ultimate and immediate parent company

The Company's ultimate parent company is Boston Scientific Corporation ('BSC'), a company is registered in Delaware, USA. The Annual Report and Accounts of BSC are available to the public and may be obtained from 300 Boston Scientific Way, Marlborough, Massachusetts, USA.

The Company's immediate parent is Bravo Bidco Limited, registered in England and Wales.

The parent undertaking of the smallest and largest group to consolidate these financial statements is BSC.

15 Events after the end of the reporting period

COVID-19

In December 2019, the novel strain of coronavirus (SARS-Cov-2), and its disease commonly known as COVID-19, was reported in China and has since widely impacted the global public health and economic environment. In March 2020, the World Health Organization ("WHO") declared COVID-19 a global pandemic.

As a holding company with no employees, COVID-19 has not had a direct impact on the Company. The effect on its subsidiary undertakings and hence the performance of Company's investments was as follows.

As COVID-19 reached a global pandemic level, medical procedural volumes significantly declined, negatively impacting revenue and operating income. While the majority of procedures using the products of the Company's subsidiary undertakings are deferrable, most of the conditions treated are generally fairly acute and cannot be deferred for extended periods. As the pandemic spread worldwide and with COVID-19 cases confirmed in all major geographies, many elective and semi-emergent procedures were postponed, enabling hospital staff to focus critical resources on caring for COVID-19 patients. Exceptions to the above are:

- the Speciality Pharmaceutical business, where COVID-19 has not had any significant impact on operations other than the need to ensure a safe working environment for the Company's employees; and
- Zytiga royalties, where the Company's subsidiary undertaking sold its share of rights to royalties to a third party for a fixed amount that will be recognised in profit or loss over the period that royalties are expected to be received. Consequently, whilst COVID-19 may impact when income is recognised, the absolute value of income recognised is fixed and will not be affected by COVID-19.

The pandemic unfavourably impacted the BSC Group's key financial performance indicators for the second quarter of 2020, however sequential improvement in its financial performance has been noted in the third quarter of 2020 compared to the second quarter of 2020, and further sequential improvement in the fourth quarter of 2020 is forecasted, unless there is a resurgence of COVID-19 infections causing further delays of elective procedures and reducing demand for the Group's products.

The BSC Group continues to focus its efforts on the health and safety of patients, healthcare providers and employees, while executing its mission of transforming lives through innovative medical solutions to improve the health of patients around the world. Since the onset of COVID-19, its global crisis management team has focused on protecting its employees and customers, optimizing its operations and securing its supply chain. The BSC Group has successfully implemented business continuity plans including establishing a medical advisory group for employees, leveraging work from home infrastructure to facilitate social distancing, limiting sales visits to critical cases and accelerating capabilities to provide remote physician support. While the BSC Group expects the COVID-19 pandemic will continue to negatively impact its 2020 performance, the Group continue to believe the long-term fundamentals remain strong and it will manage through these challenges with strategic focus and the winning spirit of the global team.

BTG Limited

Notes to the financial statements (continued) for the 9 months to 31 December 2019

15 Events after the end of the reporting period (continued)

Dividend received

On 20 November 2020, the company received a dividend of £24.1m from a subsidiary undertaking.

Sale of the BTG Speciality Pharmaceuticals business

On 1 December 2020, BSC announced that it had entered into a definitive agreement with Stark International Lux S.A.R.L., and SERB SAS, affiliates of SERB, a European specialty pharmaceutical group, to sell its BTG Specialty Pharmaceuticals business comprising BTG International Healthcare Limited and its subsidiary undertakings, which are indirect subsidiaries of the Company, for \$800 million in cash. The transaction is expected to close in the first half of 2021, subject to customary regulatory approvals and other closing conditions.