Registration number: 03299057

IQVIA Biotech Ltd.

Annual Report and Financial Statements

for the Year Ended 31 December 2022

IQVIA Biotech Ltd.
Contents

IQVIA Biotech Ltd.

Company Information

Registered number of incorporation	03299057
Directors	K J Turland S D Angus
Company secretary	Halco Secretaries Ltd
Independent Auditors	Mazars LLP Chartered Accountants and Statutory Auditor Capital Square 58 Morrison Street Edinburgh EH3 8BP
Bankers	BNP Paribas 10 Harewood Avenue London NW1 6AA
Registered Office	3 Forbury Place 23 Forbury Road Reading RG1 3JH

IQVIA Biotech Ltd.

Strategic Report for the Year Ended 31 December 2022

The directors present their report for the year ended 31 December 2022.

Principal activity
The principal activity of the company is that of clinical research. The company provides clinical trial management and clinical resourcing services in the European region to a range of clients based across the world with many of the clinical trials being conducted on a global basis. The company's primary expertise is in the Oncology, Medical Device and Dermatology therapeutic areas, although trials in other therapeutic areas are undertaken from time to time.

The company is a wholly owned subsidiary of IQVIA Holdings Inc., a company incorporated in the United States of America and listed on the New York Stock Exchange (together with its subsidiaries, "IQVIA"). Any reference made to IQVIA throughout the financial statements refers to IQVIA as a group.

Results and dividends
The profit and loss account and other comprehensive income for the year is set out on page 15. During the year, the company made a profit for the financial year of £24.72 million (2021: £17.62 million). As 31 December 2022, the company had net assets of £292.39 million (2021: £276.10 million).

The company paid £8.59 million dividend to its immediate parent company in 2022 (2021: £nil million).

Business review and future developments
We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the market sector we operate in.

There have been no significant changes in the company's principal activity in the year under review. The directors are not aware of any major changes in the company's activities in the foreseeable future.

The company's activities are undertaken across Europe, based out of our European Headquarters in Stevenage in the UK. As a clinical research and resourcing organisation, we provide clinical trial management services to a range of clients based in several locations around the world who require clinical research to be undertaken in Europe.

During 2022 the company delivered significant revenue growth compared to the prior year. This growth was achieved due to growth in the number of new multi-year clinical trial contracts awarded in the year..

The sales pipeline has continued to grow supporting the conclusion that pharmaceutical companies continue to outsource their clinical trials thereby minimising their own costs in relation to maintaining in-house capabilities.

Investment in talent continued during 2022 resulting in an increase in compensation costs and cost per FTE for clinical operations – this continues to be a focus for the business to ensure we continue to grow the top line but continue to grow the bottom line as well. The investment in talent enabled us to achieve the objective of both top line and bottom line growth in 2022 with an increased margin in both actual and percentage terms achieved. An area of continued focus is the cost of contract labour which has increased year over year, while this has supported the business growth ideally we strive to use our own resources where possible to minimise cost.

The company is well positioned to add further sustained revenue, gross margin and operating profit growth in the medium term. Revenue growth targets include gaining greater market share in mainland Europe. Gross margin growth will be achieved by continuing to insource more clinical trial work rather than outsourcing to more expensive contractors and vendors. Expenditure on administrative costs continue to be closely scrutinised and controlled to ensure costs are contained as far as possible.

The company's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2022	2021
Revenue	£ 000	86,033	59,373
Operating profit	£ 000	20,669	13,989
Gross margin	%	36.41	31.44
Operating profit	%	24.02	23.56

The company's financial results are set out in the financial statements. The results reported are a reflection of the operational activity on clinical trials and clinical resourcing which occurred during the financial year. The company continues to see strong growth due to an increase in the number of clinical trials we are managing for our clients.

Detailed discussion on the KPIs affecting the Group as a whole is provided in the IQVIA Holdings Inc. 2022 Annual Report and Financial Statements.

Section 172(1) statement

This statement aligns to the section 172 statement requirements contained in Section 414CZA of the Companies Act 2006.

This statement focuses on how the directors have had regard during the year to the matters set out in Section 172(1) (a) to (f) of the Act when performing their duties by incorporating information from other areas of the Annual Report to avoid unnecessary duplication. The Board considers that the statement focuses on those risks and opportunities that were of strategic importance to IQVIA.

IQVIA Biotech Ltd.'s ultimate controlling party, IQVIA Holdings Inc.., shapes the business strategies for the IQVIA worldwide group ("IQVIA") which has a direct impact on the long term development of IQVIA Biotech Ltd. (the "company"). The company's strategic decisions are aligned with IQVIA, consequently, all decisions and policies affecting employees, suppliers and business relationships with stakeholders implemented by the directors are in line with the business vision of IQVIA. Further information on vision and governance may be obtained from the IQVIA website www.iqvia.com.

The directors of IQVIA Biotech Ltd.. (the "company") are aware of their duty under section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the company 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 to maintain a reputation for high standards of business conduct; and
- the need to act fairly between shareholders of the company.

The company is focused on having a positive impact on the healthcare community, industry, and its environment. Whilst the company's business is run for the benefit of our shareholders, it is committed to the wellness and safety of its employees and customers, acting ethically, with integrity, and with consideration to the communities and environment in which it operates.

Long term decisions and actions

As a world leader in using advanced analytics, technology, and science to drive healthcare forward, we must balance the immediate challenges of the fast paced nature of our industry with longer term developments and emerging technologies, so that our business has the confidence to innovate and maximise opportunities as they arise.

To ensure the business regularly considers and evaluates its long-term strategy, IQVIA hold frequent forums at the operational level that seek to identify and anticipate trends and risks in the market. Information gathered at these meetings is fed through to the leadership team, to help the business to update its long-term roadmap for all service offerings. Market evolution and market shaping is both implicit and explicit in our planning processes and business reviews.

IQVIA consider the possible long-term consequences of any material proposed course of action, including potential safety, financial and reputational risks.

The interests of our employees

Our success substantially depends on the collective performance, contributions and expertise of our employees. Our employees are critical to our continued success and are a core element of our long-term strategy. We are committed to maintaining a culture of diversity and inclusion in which people from all backgrounds can fully contribute to the growth and success of our business. Our commitment to diversity is reflected in the various policies, programs, training and support we offer, including our Employee Resource Groups and our highly diverse workforce.

Our employees have access to our global learning platform where our diverse workforce can readily find the resources required to help address customer needs. We have a Talent and Learning Hub and Technical Literacy site to provide training and tools that help employees develop the skills needed today and support their readiness for new opportunities. Helping our dedicated people grow, develop, and reach their full potential in this constantly shifting landscape keeps our teams motivated and engaged as they support customers around the globe. More information on our employee engagement is provided in the Directors' report.

Relationships with suppliers and customers

IQVIA is committed to supporting sustainable business practices and running our business in a socially responsible way that helps create long-term value.

Suppliers

We work with our supplier base to ensure our operations can be carried out as efficiently as possible. We aim to treat all suppliers equally and have established the "Supplier Code of Conduct" to set common values and standards for our suppliers, as well as encouraging them to perform better than their basic requirements in all fields.

Our purchase order system allows suppliers to track their invoices so they have full visibility between submission and payment.

Customers

We place our customers at the centre of everything we do. We develop a deep understanding of the challenges they face in order to build successful, enduring relationships with them. We adapt to changing circumstances in partnership with our customers to develop flexible, innovative solutions to enable their success.

Our long relationships with customers are built on our ability to understand their requirements. We have a sophisticated customer account management system which regularly engages in dialogue with our customers about their strategy, goals, challenges and needs. Through this dialogue and our own experience and expertise we design and implement solutions tailored to them.

More information on our customer and supplier engagement is provided in the Directors' report.

Impact on the community and the environment

The company recognises that being a responsible business requires a firm commitment to following conscientious environmental practices and it establishes specific objectives and targets to continually reduce its environmental impact where possible. The company complies with all applicable laws and regulations as they relate to the provision of biopharmaceutical-regulated activities. Environmental laws and regulations are incorporated into the company's policies and procedures to promote global awareness across the business.

IQVIA is a member of the United Nations Global Compact affirming our commitment to embed sustainability across our business.

As part of our focus on continual improvement of our sustainability programs, IQVIA have been awarded a Silver Ecovadis rating for 2022, advancing from our Bronze Ecovadis rating awarded in 2021.

Our employees and suppliers are expected to support IQVIA's waste management and disposal programmes. We strive to segregate and dispose of waste in a way that minimizes adverse impacts and raise awareness for the employees to improve waste minimisation, segregation, and disposal.

Travel is necessary for global businesses. As our business grows, we will continue to find ways to mitigate and reduce its impact. With the ongoing increase in employee headcount due to our growth, we will continue efforts to decrease airline use and company car carbon emissions.

We recognise that the footprint of our property portfolio is directly connected to our carbon footprint. Although our headcount has grown as a result of increased business, we have managed to reduce our property portfolio and we continue to review office demand across the business.

IQVIA provides financial and in-kind support for a variety of health-related non-profit organisations. We support causes and programmes that are important to our employees. These include community fundraising and volunteer activities, and support for health-related charities and natural disaster fund drives. Our IQVIA Day gives our employees a day off to perform volunteer activities within their local communities.

Business Conduct

Wherever IQVIA does business in the world, the fundamental values of honesty, integrity, and ethical conduct form the core of everything we do. The directors are committed to maximising long-term shareholder value while supporting management in the operations of the business, observing ethical standards and adhering to all applicable laws.

Our reputation is shaped by the personal decisions of every employee, and so to guide those decisions, all our employees and directors must adhere to our code of conduct, "Doing the Right Thing". We provide various channels (local and global) for employees to obtain answers to questions or to report potential or actual violations of law, regulation, or policy freely and without fear of retaliation. This helps to ensure we promote a culture where employees are comfortable bringing up their questions or concerns.

We are passionate about our work and want our name to stand for excellence. We are proactive and deliver high-quality solutions.

Acting fairly between members

The company's only member is IQVIA Ltd., which is a subsidiary of IQVIA Holdings Inc.. As both the sole member and the company are in the same group, the member has direct access to the Board. The directors are in regular contact with the sole member through monthly financial reporting and ad-hoc communications. This ensures that the member is kept informed of events and has opportunity to take part in the running and strategic direction of the company.

Principal risks and uncertainties

The key business risks affecting the company are as set out below:

Competitive trading risk

The company operates in a very competitive market place and there are a number of businesses that provide services that are similar to those of the company. Increased competition could affect the company's ability to meet its expectations and objectives for the business. To mitigate this risk the company regularly monitors the activities of its competitors and aims to differentiate itself by focusing on niche areas such as oncology trials, medical devices and the partnership it can offer with its resourcing division.

Customer dependency

The company's financial performance is partially dependent on a relatively small number of customers, although this risk continues to diminish as the business has grown significantly in the last 5 years. The loss of a key customer could have a significant and detrimental impact on the business. The company mitigates this risk by providing an added value service to its customers, focusing on high levels of personal service and maintaining strong relationships with its customer base. The company continues to focus on growing the business to expand its customer portfolio.

Recruitment and retention of key resources

The ability of the company to meet growth expectations and compete effectively is, in part, dependent on the skills, performance and experience of the personnel employed. The inability to recruit and retain sufficient skilled resources to meet the growing levels of work could impact the overall business performance. To manage this risk the business regularly reviews its employment policies, remuneration and benefits packages to ensure they are competitive.

Exposure to legislation and regulatory requirements

The company is subject to numerous legal and regulatory requirements in the management of its clinical trials. Failure to comply with the requirements could have potential serious consequences for the operation of the business. Regular training of staff and ongoing monitoring of compliance with the requirements ensures that any risks here are mitigated as far as possible.

IT and systems information

Security breaches and unauthorised use of our IT systems and information could expose us, our clients, our data suppliers or others, to risk of data loss. We may experience challenges with the acquisition, development, enhancement or deployment of technology necessary for our business.

Our business depends on the continued effectiveness and availability of our information systems, including the information systems we use to provide our services to our clients.

Data protection, privacy and similar laws restrict access, use and disclosure of personal information, and failure to comply with these laws could materially harm our business.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, interest rate risk, liquidity risk and credit risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company. The policies are set by IQVIA in conjunction with the company and are implemented by the company's finance department.

Foreign exchange rate risk

The company is exposed to movements in foreign exchange rates as a result of transactions with a number of customers and intercompany organisations. The company's ultimate parent undertaking IQVIA Holdings Inc. manages the foreign exchange rate risk associated with the whole group, as disclosed in the financial statements of that company.

Interest rate risk

The company has interest bearing and non interest bearing assets and liabilities in the form of inter-company loans and cash. Cash balances earn interest at floating rates through a cash-pooling facility with other group companies. Inter-company operating balances where appropriate are unsecured, interest free, have no fixed date of repayment and are repayable on demand and inter-company loans where appropriate are unsecured, interest-bearing and have scheduled repayments with notice but auto-renew for a further term if no notice is given.

Liquidity risk

The company manages a liquidity position with the objective of maintaining the ability to fund commitments and repay liabilities in accordance with their required terms. The financing of operations is managed at a group level by the company's ultimate parent undertaking.

Credit risk

The company generally has no significant concentrations of exposure to credit risk. The company has implemented policies that require appropriate checks on potential new customers before sales commence and the amount of any individual counterparty is subject to a limit which is reassessed regularly by the company's management.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Approved by the board on 27 June 2023 and signed on its behalf by:

....

K J Turland

Director

IQVIA Biotech Ltd.

Directors' Report for the Year Ended 31 December 2022

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

Business review

Fair review of the business

For Business review and future developments, please refer to Business review and future developments section of the Strategic Report on page 2.

Results and dividends

The profit and loss account and other comprehensive income for the year is set out on page 15. During the year, the company made a profit £24.7 million (2021: £17.6 million). The company paid £8.6 million dividend to its immediate parent company in 2022 (2021: £nil).

Directors' of the company

The directors of company who were in office during the year ended 31 December 2022 and up to the date of signing the financial statements (unless otherwise indicated), were:

K J Turland

S D Angus

C D Smyth (ceased 30 November 2022)

Employee engagement

The company and its group have fewer than 250 UK employees and so no information regarding its engagement with its employees has been provided in accordance with the relevant requirements.

Engagement with suppliers, customers and other relationships

The directors have a duty to promote the success of the company, and this relies on effective communication and engagement with stakeholders. The company acknowledges the importance of its stakeholders' opinions, and considers these within its decision making and operations.

Engagement with suppliers

The company has invested many years in developing strong relationships with a supply chain that shares our values. We recognise the value that these relationships bring. We aim to maintain these relationships in the same way that we do our customer relationships - through being accessible, easy to do business with and by doing what we say.

IQVIA actively seeks to foster an environment where our supply chain partners are held to sustainability standards that align with IQVIA's own values and objectives. IQVIA considers its ability to effectively leverage the various backgrounds, capabilities, and contributions of its supply chain partners to be a major factor in creating mutually rewarding business opportunities and enhancing its own business performance.

Our Supplier Code of Conduct sets out the expectations for our supply chain partners in a number of key areas, including:

- Ethics and Compliance
- Labour and Human Rights
- Environment
- Health and Safety

Engagement with customers

IQVIA seeks to maintain long-lasting customer relationships and deliver excellent customer service. Successful customer relationships require a thorough understanding of customer needs and challenges.

We harness our resources and expertise to identify, understand, and address unmet public health needs and through our innovative technologies and offerings, we help our customers bring much needed therapies to market. Together with the companies we serve, we are enabling a more modern, effective and efficient healthcare system, and creating breakthrough solutions that transform business and improve patient outcomes.

IQVIA's flexible business solutions and commitment to customers' objectives allow it to provide customers with customized operational delivery models to meet their needs. We have access to one of the largest and most comprehensive collections of healthcare information in the world, and can analyse this data in ways that allow our customers to run their clinical, commercial and financial operations more effectively.

The company provides an added value service to its customers, focusing on high levels of personal service and maintaining strong relationships with its customer base. The company continues to focus on growing the business to expand its customer portfolio. Our service managers work to ensure we understand our customers' requirements and can deliver to meet their demands.

Engagement with others

Our other stakeholders include regulatory agencies, government, communities and research institutions and universities. IQVIA seeks to maintain long-lasting customer relationships and deliver excellent customer service. Successful customer relationships require a thorough understanding of customer needs and challenges.

We partner with academic research organisations to provide data resources and analysis to further their research endeavours. IQVIA also publish a range of reports each year through our Institute for Human Data Science which are freely available and made use of by the healthcare community.

Carbon emissions report

As IQVIA Biotech Ltd. is classified as a large unquoted company under the definitions set in Section 465 and 466, Chapter 15 of Companies Act 2006, it needs to comply with the government legislation implemented by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") on Streamlined Energy and Carbon Reporting (SECR).

To fulfil this, we have measured our UK energy and greenhouse gas emissions as classified within Scope 1, Scope 2 and mandatory element of Scope 3 of the Streamlined Energy and Carbon Reporting (SECR) regulations, which are presented in tables 1,2 and 3 as these are material to our organisation's activities.

Organisational and operational boundaries of the company

IQVIA Biotech Ltd.'s structural and operational boundaries are the same. The company operates from one, relatively small office (111 sq m). The company is not directly responsible for purchasing the energy, as it is paid via service charge, and therefore it was estimated.

Environmental Performance

IQVIA Biotech Ltd. decided to follow and adapt, for SECR reporting, a widely recognised Greenhouse Gas Reporting Protocol - Corporate Standard methodology. As at 31 December 2022 the company's energy usage and associated carbon emissions for the year, 1 January to 31 December 2022 were as follows:

Table 1 Total energy consumption and associated greenhouse gas emissions from Scope 1, 2 and 3 for SECR Year 2022

Name and description	Energy Use (kWh)	% Split (kWh)	Emissions (tCO2e/yr.)	% Split (tCO2e)
Combustion of Gas (Scope 1)	9,811	21.66%	1.8	17.87%
Electricity (Scope 2)	9,811	21.66%	1.9	18.93%
Transport (Scope 1 and 3)	25,680	56.68%	6.3	63.20%
	45,302	100.00%	10.0	100.00%

Note: Columns may not always add up due to rounding of numbers.

Intensity ratio

Intensity ratios compare emissions data with an appropriate business metric or financial indicator. This allows a comparison of energy efficiency performance over time and with other similar types of organisations.

IQVIA Biotech Ltd. has chosen to compare overall energy consumption and associated emissions against the annual turnover figure and the total number of full-time equivalent employees.

Table 2 Intensity Ratio - Energy consumption and associated greenhouse gas emissions per £100,000 of annual turnover

Reporting Year	Total Energy Consumption (kWh)	Total GHG emissions (tCO2e)	Annual turnover (£)	Intensity Ratio (kWh/ £100,000 of turnover)	Intensity Ratio (tCO2e/ per £100,000 of turnover)
SECR Year 2020	80,352	17.28	43,161,642	186.16	0.040
SECR Year 2021	45,742	10.31	59,373,323	77.04	0.017
SECR Year 2022	45,302	10.02	86,032,521	52.66	0.012

Table 3 Intensity Ratio - Energy consumption and associated GHG emissions per the number of full-time employees

Reporting Year	Total Energy Consumption (kWh)	Total GHG emissions (tCO2e)	Number of FTE Employees (-)	Intensity Ratio (kWh/ FTE Employees)	Intensity Ratio (tCO2e/ FTE Employees)
SECR Year 2020	80,352	17.28	152	528.63	0.114
SECR Year 2021	45,742	10.31	167	273.91	0.062
SECR Year 2022	45,302	10.02	170	266.50	0.059

We have managed to reduce our energy consumption and associated GHG emissions when compared to our baseline year. However, at the same time, we have increased our turnover and FTE, resulting in a decrease in our energy intensity ratio KPIs.

Energy intensity ratios are calculated and presented as advised by BEIS recommendations.

Energy Efficiency Actions

IQVIA has taken measures to reduce our carbon footprint as follows:

- Reducing office space
- Reducing the energy use of idle equipment
- The technology department purchases Energy Star certification equipment where available
- Extending the useful life of servers, routers and other types of equipment

Methodology

The methodology used for determining energy and carbon emissions originates from a number of sources of greenhouse emissions:

- Natural gas used for building heating and domestic hot water (Scope 1)
- Electricity used for lighting, heating, ventilation and air conditioning (HVAC), and the operation of office equipment (Scope 2)
- Transport activities (Scope 3)

We do not have direct responsibility for the energy use within our sites, and hence gas and electricity consumption are paid within the service charge, and therefore the energy has been estimated. The estimation calculations were undertaken based on the occupied office floor area and Department for Business, Energy and Industrial Strategy "Building Energy Efficiency Survey: Office sector, 2014-15" energy benchmarks (private sector offices median for electrical and non-electrical energy intensities of 88 and 88 kWh/m2 respectively) were used. In all cases energy use was corrected to a full year's data as necessary.

Transport emissions were determined from the mileage travelled on business in personal vehicles (grey fleet) and the conversion factor for an average car. This information was obtained through the company's expense claim system.

GHG emissions have been calculated using the UK Government approved and published conversion factors for company reporting, 2022.

Table 4 – Energy and Carbon Conversion Factors, gas, electricity and company car

Activity	Fuel	Year	kgCO2e
Combustion of Gas	Natural Gas	2022	0.1934
Grid supplied electricity	Electricity: UK	2022	0.1825

Fuel	Car size	Conversion factor (kg/ mile)	Conversion factor (kWh/mile)
Diesel	Small	0.22514	0.87937
Diesel	Medium	0.27039	1.05851
Diesel	Large	0.33722	1.32314
Petrol	Small	0.2358	0.98582
Petrol	Medium	0.29724	1.24392
Petrol	Large	0.4448	1.86367
LPG	Average	0.31823	1.38051
Average car		0.275805	0.27465

Directors' liabilities

Qualifying third party indemnity provisions (as defined in the Companies Act 2006) are in force for the benefit of Directors and former Directors who held office during 2022 and up to the approval and signature of the Annual Report.

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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.

Matters covered in the Strategic report
Disclosure of the company's Financial Risk Management is provided in the Strategic report.

Disclosure of information to the auditors
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Mazars LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the board on 27 June 2023 and signed on its behalf by:

....
K J Turland
Director

IQVIA Biotech Ltd.

Independent Auditor's Report to the Members of IQVIA Biotech Ltd.

Opinion

We have audited the financial statements of IQVIA Biotech Ltd. (the 'company') for the year ended 31 December 2022, which comprise the Profit and Loss Account and the Statement of Comprehensive Income, the Balance Sheet, the 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 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 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 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

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 original financial statements were 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 course of 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 this gives rise to 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 matter 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 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.

Matters on which we are required to report by exception

In the light of our 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.

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 set out on page 10, 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and regulations related to the management of clinical trials.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the carrying value of the company's investment, revenue recognition (which we pinpointed to the valuation assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

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.

Anna Campbell
Anna Campbell (Jun 28, 2023 18:43 GMT+1)
....

Anna Campbell (Senior Statutory Auditor)
For and on behalf of Mazars LLP, Statutory Auditor

Capital Square
58 Morrison Street
Edinburgh
EH3 8BP

Date: Jun 28, 2023

IQVIA Biotech Ltd.

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	86,033	59,373
Cost of sales		(54,708)	(40,707)
Gross profit		31,325	18,666
Administrative expenses		(10,731)	(4,677)
Other operating income	9	75	-
Operating profit	5	20,669	13,989
Income from shares in group undertakings	13	8,588	6,346
Interest receivable and similar income	10	570	5
Interest payable and similar expenses	11	-	(7)
Profit before tax		29,827	20,333
Tax on profit	12	(5,109)	(2,714)
Profit for the financial year		24,718	17,619

The above results were derived from continuing operations.

The notes on pages 19 to 38 form an integral part of these financial statements.

IQVIA Biotech Ltd.

Statement of Other Comprehensive Income for the Year Ended 31 December 2022

	2022 £ 000	2021 £ 000
Profit for the financial year	24,718	17,619
Total comprehensive income for the year	24,718	17,619

The above results were derived from continuing operations.

The notes on pages 19 to 38 form an integral part of these financial statements.

IQVIA Biotech Ltd.

Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Tangible assets	14	11	29
Investments	15	249,685	254,485
		249,696	254,514
Current assets			
Trade and other debtors (falling due after more than one year £67,000 (2021: £59,000))	16	54,153	26,524
Cash at bank and in hand		9,501	2,816
Contract assets	4	2,599	2,242
		66,253	31,582
Creditors: Amounts falling due within one year	17	(18,341)	(7,587)
Contract liabilities	4	(5,125)	(2,312)
Net current assets		42,787	21,683
Total assets less current liabilities		292,483	276,197
Provisions for liabilities	18	(93)	(93)
Net assets		292,390	276,104
Capital and reserves			
Called up share capital	20	1,000	1,000
Share premium account		251,255	251,255
Retained earnings		40,135	23,849
Shareholders' funds		292,390	276,104

The notes on pages 19 to 38 form an integral part of these financial statements.

The financial statements on pages 15 to 38 were authorised for issue by the board of directors on 27 June 2023 and were signed on its behalf.

....

K J Turland
Director

IQVIA Biotech Ltd.
Company registration number: 03299057

IQVIA Biotech Ltd.

Statement of Changes in Equity for the Year Ended 31 December 2022

	Note	Called up share capital £ 000	Share premium account £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022		1,000	251,255	23,849	276,104
Profit for the year		-	-	24,718	24,718
Total comprehensive income		-	-	24,718	24,718
Dividends	19	-	-	(8,588)	(8,588)
Credit relating to equity-settled share-based payments	22	-	-	558	558
Excess charge from parent for equity-settled shared based payments		-	-	(496)	(496)
Tax credit relating to share option		-	-	94	94
At 31 December 2022		1,000	251,255	40,135	292,390

	Note	Called up share capital £ 000	Share premium account £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021		-	-	6,481	6,481
Profit for the year		-	-	17,619	17,619
Total comprehensive income		-	-	17,619	17,619
Share capital issued	20	1,000	251,255	-	252,255
Credit relating to equity-settled share-based payments	22	-	-	406	406
Excess charge from parent for equity-settled shared based payments		-	-	(811)	(811)
Tax credit relating to share option		-	-	154	154
At 31 December 2021		1,000	251,255	23,849	276,104

The notes on pages 19 to 38 form an integral part of these financial statements.

1 General information

The principal activity of the company is that of clinical research. The company provides clinical trial management and clinical resourcing services in the European region to a range of clients based across the world with many of the clinical trials being conducted on a global basis. The company's primary expertise is in the Oncology, Medical Device and Dermatology therapeutic areas, although trials in other therapeutic areas are undertaken from time to time.

The company is a private company, limited by shares, incorporated and domiciled in the UK.

The address of its registered office is:
3 Forbury Place
23 Forbury Road
Reading
RG1 3JH

These financial statements were authorised for issue by the board on 27 June 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
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.

Basis of preparation
The financial statements of IQVIA Biotech Ltd. have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through other comprehensive income, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

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 judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgmental or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Summary of disclosure exemptions
In these financial statements, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 - 'Share-based payments' (how the fair value of goods/services received or equity instruments granted was determined and details of the number and weighted average exercise prices of share options).

- 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).

- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 - 'Revenue from Contracts with Customers' (disaggregation of revenue, significant changes in contract assets and liabilities, details on transaction price allocation, timing of the satisfaction of performance obligations and significant judgements made in the application of IFRS 15).

2 Accounting policies (continued)

- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):

  - paragraph 79(a)(iv) of IAS 1
  (reconciliation of number of shares at the beginning and end of the period)

  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'
  (reconciliations between the carrying amount at the beginning and end of the period)

  - 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' (removing the requirement to present):

  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information);
  - 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).

Going concern

The financial statements have been prepared on a going concern basis.

As in prior years, the company continues to rely on the commercial support from its group for the development of new business. The majority of existing contracts with customers are also held by the Company's group and the company participates in the group's centralised treasury management function. As such the company's cash flows and cash management are heavily embedded within the wider group.

Given these factors and the reliance on the group, the company's ultimate parent undertaking, IQVIA Holdings Inc., has confirmed in writing that it will provide financial support to the company for a period of at least twelve months from the date the financial statements of the company are signed by the directors.

Based on the above, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and meet its liabilities as they fall due for a period of at least twelve months from the date the directors sign the financial statements of the company. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2 Accounting policies (continued)

Foreign currency transactions and balances
(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling', which is also the company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other operating expenses'.

Tangible assets
Tangible assets is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Leasehold improvements	Period of the lease
Data processing equipment	3 years
Fixtures & fittings	3 - 10 years
Plant, machinery & equipment	3 - 10 years

The expected useful lives of the assets to the business are reassessed periodically in the light of experience. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses' in the profit and loss account and other comprehensive income.

Impairment of non-financial assets
Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

2 Accounting policies (continued)

Financial instruments

Classification and measurement
The company classifies its financial assets in the following categories: at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification depends on the business model within which the financial asset is held and contractual cash flow characteristics of the financial assets. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions, and is not designated as at fair value through profit or loss:
• it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company holds several financial assets at amortised cost, as follows:
• Trade receivables;
• Amounts owed by group undertakings;
• Other receivables; and
• Contract assets.

Financial assets at fair value through the profit or loss (FVTPL)
All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. On initial recognition, the company may irrevocably designate a financial asset as at fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Initial recognition
Purchases and sales of financial assets are recognised on the trade date — the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Subsequent recognition

Financial assets

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through other comprehensive income (except for investment in equity instruments) are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Investment in equity instruments, if designated as fair value through other comprehensive income, are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never classified to profit or loss.

2 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The company recognises impairment losses for most financial assets (except for purchased or originated credit-impaired financial assets) on initial recognition at an amount equal to 12-month expected credit losses, which reflect the portion of lifetime cash shortfalls resulting from possible default events within 12 months after the reporting date. However, if there is a significant increase in credit risk since initial recognition, the impairment loss is measured at an amount equal to full lifetime expected credit losses, which reflect the lifetime cash shortfalls resulting from all possible default events over the life of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses.

Investments

Investments in associates are initially recorded at purchase price. Impairment reviews are undertaken if there is an impairment trigger in accordance with IAS 36. When an impairment review is required, discounted future cash flow forecasts, based on financial budgets covering 4 years, are carried-out. A provision is made for impairment should this arise from the impairment review. The impairment is recognised in Profit and Loss and is disclosed in the notes.

Trade debtors

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months.

IQVIA Biotech Ltd. is a member of Quintiles Treasury EEIG, a membership formed to facilitate and develop the economic activities of its members by undertaking treasury and administrative services. As part of these services some cash balances are swept regularly to a Group cash facility administered by Quintiles Treasury EEIG. The balances are maintained in separate bank accounts and IQVIA Biotech Ltd. is deemed to remain the beneficial owner of the cash balance with the role of Quintiles Treasury EEIG being that of a trustee and as such these balances are disclosed as cash in these financial statements.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Accounting policies (continued)

Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Defined contribution pension obligation

The company operates a defined contribution pension scheme. The company pays contributions to a privately administered, independent scheme on a contractual basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Share based payments

IQVIA Biotech Ltd. applies the requirements of IFRS 2 'Share based payments'.

All awards granted under these stock incentive plans to date are subject to service-based vesting. All option awards are exercisable for shares of IQVIA Inc. stock and are nonqualified stock options. Each option will terminate upon the tenth anniversary of the date of the grant.

Each restricted stock unit represents the right to receive one share of IQVIA Inc. stock shortly after vesting. These restricted stock units will settle in shares in our stock within 45 days of the applicable vesting date. The fair values of these options and awards are calculated at their grant dates using a Black-Scholes option pricing model and charged to the income statement over the relevant vesting periods.

When the options are exercised, the company is recharged the options' intrinsic value at exercise by IQVIA Holdings Inc. This recharge is accounted for as a deduction from shareholders' funds.

2 Accounting policies (continued)

Provisions

Provisions for dilapidations, restructuring costs and legal claims are recognised when; the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Reorganisation provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Revenue recognition

Recognition

The company recognises revenue from clinical services. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Clinical services

Revenue from providing clinical services is recognised in the accounting period in which the services are rendered. When operating as a principal in a revenue arrangement, the company recognises revenue as the gross amount to which it expects to be entitled. The company receives intercompany revenue to compensate for work performed in supporting other territories' contracts in the accounting period in which the services are rendered.

The company incurs a significant amount of costs fulfilling promises on contracts that are reimbursed by our customers. Those costs are pass-through expenses which represent "out of pocket expenses" such as payments to investigators and travel expenses for the company's clinical monitors and sales representatives. The company has concluded that it is the principal in regard to these reimbursed expenses and will record them as part of revenue on a gross basis. The transaction price is based on the amount to which the entity expects to be entitled for providing the services. The transaction price includes both fixed amounts and variable amounts. The company's forms of variable consideration included in contracts generally consist of discounts, returns and repricing. An estimate of variable consideration is included in the transaction price to the extent that it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In assessing whether it is probable that a significant reversal in revenue will occur, the company considers both the likelihood and the magnitude of the revenue reversal. The amount of variable consideration is estimated by using either the expected value method or the most likely amount method, depending on the suitability of the method for each type of variable consideration. Revenue relating to the services is recognised over time and progress is measured using the input method.

Leases

Definition

At inception of a contract, the company assesses whether a contract is, or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- The contract involved the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified
- The company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The company has the right to direct the use of the asset. The company has this right when it has the decision-making rights that are most relevant to changing how and for what purposes the asset is used.

2 Accounting policies (continued)

On lease commencement date, the company recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise:

• Fixed payments, including in-substance fixed payments;
• Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
• Lease payments in an option renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the company changes its assessment of whether it will exercise an extension or termination option.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).
The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.
Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the profit and loss account and other comprehensive income.

Dividends
Dividend income is recognised when the right to receive payment is established.

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the year in which the dividends are approved by the company's shareholders.

3 Critical accounting judgements and key sources of estimation uncertainty

In preparing the financial statements, management has to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The actual outcome may differ from these judgements, estimates and assumptions, and therefore could have a material effect on the carrying amount of the asset or liability involved. The timing of outflow of resources to settle the provisions is subject to the same uncertain factors. Judgements, estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and various other factors, including expectations about future events, which are believed to be reasonable under the circumstances and for the item involved. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

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

Revenue recognition for service contracts
The company makes an estimate of the stage of contract completion, including estimating the costs still to be incurred and assessing the likely engagement outcome. The majority of clinical services and integrated health services revenue comprise long term contracts which can extend up to 10 years. On a monthly basis the company recognises revenue for each project using the input method, comprising labour and passthrough cost actuals as a proportion of total estimated project costs, known as Estimate at Completion (EAC).

Impairment of investments in associates
Impairment reviews of investment in associates are undertaken if there is an impairment trigger in accordance with IAS 36. When an impairment review is required, discounted future cash flow forecasts are carried-out, which requires estimation for significant assumptions such as revenue growth, profit margins and discount rates. As disclosed in note 15, the company impaired its investment in Q Squared Solutions Holdings Limited by £4,800,000.

Impairment of trade receivables
The company makes an estimate of the expected credit loss rates of financial assets and contract assets. When estimating expected credit loss rates, management adjusts historical loss rates with forward-looking information incorporating both external and internal sources of information, including general economic conditions, internal and external credit ratings, reports and statistics.

Principal versus agent in providing services
The company concludes that it is a principal in providing all clinical research services, as it controls the specified good or service before that good or service is transferred to the customer. In addition, the company assesses the following indicators in concluding that it is a principal on these arrangements:

• The company is primarily responsible for fulfilling the promise to provide the specified good or service. The company is responsible for fulfilling all aspects of the arrangement, including engagement with any required third parties (which result in pass-through expenses that are later reimbursed by customers).
• The company bears the risk of not having pass-through expenses being reimbursed by the customers.
• The company directly negotiates the pass-through expenses with third parties which are part of the contract price, hence having an influence on the price.

Identification of impairment triggers
Management consider that an impairment trigger would be a significant change in the business; a significant change in profitability or a change in the Biopharmaceutical market place that would lead to a more uncertain or reduced business.

4 Revenue

The revenue of the company is wholly attributable to the company's principal activity arising in the UK. See Note 2.

	2022	2021
Geographical information	**£ 000**	**£ 000**
United Kingdom	1,828	967
Europe	10,316	6,545
Rest of World	73,889	51,861
	86,033	59,373

Current assets and liabilities

	2022 £ 000	2021 £ 000
Contract assets	2,599	2,242
Contract liabilities	(5,125)	(2,312)
Net contract liabilities	(2,526)	(70)

5 Operating profit

	2022 £ 000	2021 £ 000
Impairment of investments	4,800	-
Depreciation	18	23
Foreign exchange losses/(gains)	270	(220)
Short term lease - building	56	51
Short term lease - plant and machinery	2	2

6 Staff costs

	2022 £ 000	2021 £ 000
Wages and salaries	12,391	10,430
Social security costs	1,096	1,106
Other pension costs	628	405
	14,115	11,941

6 Staff costs (continued)

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Management and administration	19	16
Clinical studies and project management	148	145
Business development	1	2
Resourcing	2	4
	170	167

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Aggregate emoluments	857	768
Company contributions paid to defined contribution scheme	34	15
	891	783

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Received or were entitled to receive shares under long term incentive schemes	2	2
Exercised share options	2	2
Accruing benefits under money purchase pension scheme	2	2

In respect of the highest paid director:

	2022 £ 000	2021 £ 000
Remuneration	248	203
Benefits under long-term incentive schemes (excluding shares)	374	434
Company contributions to money purchase pension schemes	22	10
	644	647

During the year the highest paid director exercised share options and also received or was entitled to receive shares under a long term incentive scheme.

At the end of the year, the accrued pension for the highest paid director amounts to £2,710 (2021: £nil).

8 Auditors' remuneration

	2022 £ 000	2021 £ 000
Fees payable to the company's auditors and their associates for audit of the company	28	28

9 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022 £ 000	2021 £ 000
Miscellaneous other operating income	75	-

10 Interest receivable and similar income

	2022 £ 000	2021 £ 000
Interest income on bank deposits	170	1
Interest income from group undertakings	400	2
Other finance income	-	2
	570	5

11 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Interest on bank overdrafts and borrowings	-	7

12 Tax on profit

Tax charged/(credited) in the profit and loss account and other comprehensive income

	2022 £ 000	2021 £ 000
Current taxation		
UK Corporation tax on profit for the year	5,061	2,733
Adjustment in respect of prior periods	56	-
	5,117	2,733
Deferred taxation		
Origination and reversal of timing differences	(8)	(19)
Tax expense in the profit and loss account and other comprehensive income	5,109	2,714

12 Tax on profit (continued)

The tax on profit before tax for the year is the lower than the standard rate of corporation tax in the UK (2021 : lower than) of 19% (2021 : 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	29,827	20,333
Corporation tax at standard rate	5,667	3,863
Increase/(decrease) in current tax from adjustment for prior periods	41	(19)
Decrease from effect of revenues exempt from taxation	(1,632)	(1,206)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	1,033	78
Deferred tax credit from unrecognised temporary difference from a prior period	-	(1)
Change in deferred tax rate	-	(1)
Total tax charge	5,109	2,714

Factors that may affect future tax charges

In the Spring Budget 2021 the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% from the current 19%. This new law passed Royal Assent on 10 June 2021. As the proposal to increase the rate to 25% had been substantively enacted at the balance sheet date, its effects are included in these financial statements.

Deferred tax

	2022 £ 000	2021 £ 000
Deferred tax assets due after more than 12 months	67	59
Total assets	67	59

12 Tax on profit (continued)

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income £ 000	At 31 December 2022 £ 000
Accelerated tax depreciation	59	8	67
	59	8	67

Deferred tax movement during the prior year:

	At 1 January 2021 £ 000	Recognised in income £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	40	19	59
	40	19	59

All deferred tax movements relate to timing differences in the depreciation of tangible assets.

13 Dividend received

During the year, the company received dividend income of £8.59 million (2021: £6.35 million) from associate undertakings.

14 Tangible assets

	Data processing equipment £ 000	Total £ 000
Cost or valuation		
At 1 January 2022	418	418
Disposals	(260)	(260)
At 31 December 2022	158	158
Accumulated depreciation		
At 1 January 2022	389	389
Charge for the year	18	18
Eliminated on disposal	(260)	(260)
At 31 December 2022	147	147
Carrying amount		
At 31 December 2022	11	11
At 31 December 2021	29	29

15 Investments

Investments	2022 £ 000	2021 £ 000
Cost or valuation		
At 1 January	254,485	-
Additions	-	254,485
Impairment	(4,800)	-
At 31 December	249,685	254,485

On 1 April 2021, the company purchased a 40% shareholding in Q Squared Solutions Holdings Limited from Quest Diagnostics for £253,521,000. An additional post closing adjustment payment was made on 14th July of £964,000.

The investment in Q Squared Solutions Holdings Limited was impaired by £4,800,000 (2021: £nil).

15 Investments (continued)

Details of the investments as at 31 December 2022 are as follows:

* indicates direct investment of the company

Name of investment	Principal activity	Registered office	Holding	Percentage ownership
Q Squared Solutions Holdings Limited*	Holding company	3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH United Kingdom	Ordinary	40%
Q Squared Solutions S.A.	Lab	Domingo Peron 555 – Floor 5th – Buenos Aires City Argentina	Ordinary	40%
Clinical Lab Minority Shareholder Limited	Lab	3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH United Kingdom	Ordinary	40%
Q Squared Solutions (India) Private Limited	Dormant	Leela Business Park, Unit No 301, 2nd Floor (Third Level) M.V.Road, Andheri (East), Mumbai-400059 India	Ordinary	40%
Q Squared Solutions Holding B.V.	Dormant	Siriusdreef 10, 2132WT Hoofddorp Netherlands	Ordinary	40%
Q Squared Solutions B.V.	Dormant	Siriusdreef 10, 2132WT Hoofddorp Netherlands	Ordinary	40%
Q Squared Solutions Limited	Lab	3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH United Kingdom	Ordinary	40%
Q Squared Solutions (Quest) Limited	Dormant	3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH United Kingdom	Ordinary	40%
Q Squared Solutions Proprietary Limited	Lab	1011 Pretorius Avenue South, Lyttelton, 1057 South Africa	Ordinary	40%
Q Squared Solutions China Limited	Dormant	3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH United Kingdom	Ordinary	36%

15 Investments (continued)

Name of investment	Principal activity	Registered office	Holding	Percentage ownership
Q Squared Solutions (Beijing) Co. Limited	Lab	Unit 901-919, Office Tower 3, Sun Dong An Plaza, 138 Wangfujin Avenue, Dongcheng Dist, Beijing 100176 China	Ordinary	36%
Q Squared Solutions KK	Lab	4-1-18 Takanawa, Minato-ku, Tokyo Japan	Ordinary	40%
Q Squared Solutions China (Quest) Limited	Dormant	3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH United Kingdom	Ordinary	40%
Q Squared Solutions Pte. Ltd.	Lab	1 Marina Boulevard, #28-00 One Marina Boulevard, 018989 Singapore	Ordinary	40%

The directors consider the net carrying value of the investments are supported by the value of future discounted cash flows.

16 Trade and other debtors

	2022 £ 000	2021 £ 000
Trade and other debtors falling due within one year		
Trade debtors	2,553	1,185
Provision for impairment of trade debtors	(40)	-
Net trade debtors	2,513	1,185
Debtors from related parties	51,511	25,123
Prepayments	53	95
Other debtors	9	62
	54,086	26,465
Trade and other debtors falling due after more than one year		
Deferred tax assets	67	59
Total trade and other receivables	54,153	26,524

17 Creditors: amounts falling due within one year

	2022 £ 000	2021 £ 000
Trade creditors	635	907
Accrued expenses	1,993	1,840
Amounts due to related parties	10,747	2,304
Income tax liability	4,966	2,536
	18,341	7,587

18 Provisions for liabilities

	Dilapidations provision £ 000	Total £ 000
At 1 January 2022	93	93
At 31 December 2022	93	93

Provisions for dilapidations are recognised when; the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

19 Dividends

Dividends paid during the year were £8,588,000 (2021: £ -)

20 Called up share capital

Allotted, called up and fully paid shares

	2022 No.	2022 £ 000	2021 No.	2021 £ 000
At 1 January ordinary shares of £1 each	1,000,100	1,000	100	-
Shares issued - ordinary of £1 each	-	-	1,000,000	1,000
At 31 December ordinary shares of £1 each	1,000,100	1,000	1,000,100	1,000

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares hold full rights in respect of voting, participation and dividends.

In 2021 the company issued 1,000,000 ordinary £1 shares to its parent IQVIA LTD, for £252,255,480 to fund an investment.

21 Reserves

Other reserves

The profit and loss account includes all current and prior periods retained profits and losses net of dividends paid.

Share Premium Account represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

22 Share-based payments

At 31 December 2022 the company's employees were members of share-based compensation plans operated by the ultimate parent company IQVIA Holdings Inc.. The shares outstanding are for contracts under the 2018, 2019, 2020, 2021 and 2022 executive share option plans.

For options outstanding at the end of the year, the range of exercise prices and weighted average remaining contractual life are as follows:

2022

Weighted average exercise price	Number of shares	Weighted average remaining life Expected	Contractual
$95.23	1,069	0 years	6 years
£131.82	-	0 years	7 years
$161.70	2,240	1 years	8 years
$183.82	863	2 years	9 years
$250.43	1,419	3 years	10 years

2021

Weighted average exercise price	Number of shares	Weighted average remaining life Expected	Contractual
$95.23	1,069	0 years	7 years
£131.82	589	1 years	8 years
$161.70	3,584	2 years	9 years
$183.82	1,094	3 years	10 years

The company recognise a share-based payment expense based on the fair value of the award granted, and an equivalent credit directly in equity as capital contribution.

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations.

Historical data is used to determine the expected life of the option. The risk-free rate was based on the US Treasury zero-coupon bonds in effect at the time of grant.

22 Share-based payments (continued)

Restricted Stock Units

The movements in the number of share options during the year were as follows:

	2022 Number	2021 Number
Outstanding, start of period	5,508	5,944
Granted during the period	2,018	3,192
Forfeited/cancelled/exercised	(1,772)	(3,628)
Transferred during the period	831	-
Outstanding, end of period	6,585	5,508

The movements in the weighted average exercise price of share options during the year were as follows:

	2022 $	2021 $
Outstanding, start of period	170.88	146.92
Granted during the period	250.43	183.82
Outstanding, end of period	199.24	170.88

Fair value of options granted

The weighted average fair value of options granted during the period at measurement date was $250.43 (2021: $183.82).

23 Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned with the Group.

24 Controlling parties

The company's immediate parent is IQVIA Ltd., a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party is IQVIA Holdings Inc., a company incorporated in the United States of America.

IQVIA Holdings Inc., registered at 4820 Emperor Blvd., Durham, North Carolina 27703, United States, is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2022. The consolidated financial statements of IQVIA Holdings Inc. may be obtained from the company's website www.iqvia.com.