

Company Registration No. 07167526 (England and Wales)

BIOLEGEND UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

BIOLEGEND UK LIMITED

COMPANY INFORMATION

Director	J G Lay
Company number	07167526
Registered office	4th Floor Rear Highgate Business Centre 33 Greenwood Place London NW5 1LB
Auditor	Wilson Wright LLP Chartered Accountants Thavies Inn House 3-4 Holborn Circus London EC1N 2HA

BIOLEGEND UK LIMITED

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BIOLEGEND UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents the strategic report for the year ended 31 December 2020.

Fair review of the business

BioLegend UK Ltd ("The Company"), is a wholly-owned subsidiary of BioLegend Inc ("BioLegend"). BioLegend is incorporated in the State of California and is privately held. The principal business of BioLegend is to develop, manufacture and sell antibody and other reagent products for biomedical research. The primary role of the Company is to sell and distribute inventory that is manufactured by BioLegend to the UK and to select European markets, and support administrative, marketing and sales efforts for all of Europe.

BioLegend and its subsidiaries' mission is to provide the highest quality research products available, so that its researchers can get reliable results quickly, easily, and consistently. Antibody products from BioLegend are manufactured in its San Diego facility. The Company operates under an ISO 13485:2016 certified quality management system, which ensures that all customers receive high quality products, superior customer support, and outstanding value.

Principal risks and uncertainties

The principal risks and uncertainties facing are broadly grouped as - future economic, competitive and operational risks.

Future economic Risks

Changes in economic conditions could negatively impact the Company's revenues and earnings.

The Company's biotechnology products are sold primarily to research scientists at pharmaceutical and biotechnology companies and at university and government research institutions. Research and development spending by the Company's customers and the availability of government research funding can fluctuate due to available resources, mergers of pharmaceutical and biotechnology companies, spending priorities, general economic conditions and institutional and governmental budgetary policies.

Competitive Risks

The Company faces significant competition across all of its product lines. Competitors include companies ranging from start-up companies to large multinational companies, which may have greater financial, marketing, operational, and research and development resources than the Company. In addition, consolidation trends in the pharmaceutical and biotechnology industries have served to create fewer customer accounts and to concentrate purchasing decisions for some customers, resulting in increased pricing pressure on the Company. The entry into the market by manufacturers in China and other low-cost manufacturing locations is also creating increased pricing and competitive pressures, particularly in developing markets. Failure to anticipate and respond to competitors' actions may impact the Company's future sales and earnings.

Operational Risks

The main element of the Company's growth strategy is to increase revenues through new product releases, which are supplied by BioLegend, Inc. As a result, BioLegend must anticipate industry trends and develop products in advance of customer needs. New product development requires planning, designing and testing at both technological and manufacturing-process levels and may require significant research and development expenditures.

The Company is subject to risk associated with global operations. The Company sells within Europe and purchases inventory from the U.S. Therefore, fluctuations in the exchange rate can negatively impact reports sales, cost of sales and gross margin. This could in turn impact the selling price of products which could impact the price competitiveness in the market place.

BIOLEGEND UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Development and performance

The results of the Company for the year show a profit on ordinary activities before tax of £0.8m (2019 £3.6m). The shareholders' funds of the Company total £5.9m (2019 £5.2m). The Company had a turnover of £15.4m in 2020 compared to £33m in 2019. The decrease in the Company's turnover is due to the transfer of European Union operations to a newly formed group company in anticipation of Brexit. UK and non-EU turnover remained relatively steady which is attributable to a market perception of excellent quality, innovation, value, and support. Although the business experienced an overall decline in early 2020 (primarily end of March, April and part of May) due to the impact of COVID-19, our business recovered substantially throughout the remainder of 2020. As our business is considered essential to biomedical research, as soon as labs and universities (as well as other customer categories) were able to re-open, ordering resumed at a normal level.

Business environment

A large percentage of the Company's revenues are derived from customers who are publicly funded through research grants. The consumers are spread across the academic, pharmaceutical, and biotechnology markets.

The antibody and other reagent products industry is highly competitive. There are many suppliers of similar products, which results in significant price competition. In addition to price competition, the Company faces exchange rate risk due to fluctuations of the dollar and euro against the pound, and against the dollar.

Introducing new products and product lines has a positive impact on the success of BioLegend and the subsidiaries it supplies. BioLegend addresses this challenge by providing a broad range of product options and focusing efforts on understanding upcoming product trends and investing scientific resources to develop the products that its customers demand.

Strategy

BioLegend's strategies include:

Continued innovation in core and related products. Through collaborations with key opinion leaders and participation in scientific discussions and associations, BioLegend expects to leverage its investment in research and development to be first-to-market with quality products that are at the leading edge of life science researchers' needs. This in turn serves the Company's strategy of growth in sales of existing and new products.

Expansion of geographic footprint. The Company's focus is to expand sales staff and distribution channels in the UK and other countries, and to make it easier for customers to transact with the Company.

Key performance indicators

The Company's key performance indicators include turnover, gross margin, days' sales in accounts receivable. The information below summarises these KPIs for the years ended 31 December, 2020 and 2019.

Turnover £15,483,678 (2019 £33,037,944)

Gross margin 18.22% (2019 17.20%)

Days sales in receivables 35 days (2019 25 days)

The Company works hard to provide a complete solution to their customers, wherever the customers are located. Selling "direct" results in a onetime increase in sales. The increase in Gross margin has arisen from significant discounts from a key supplier.

BIOLEGEND UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Future developments

One element of BioLegend's growth strategy is to increase revenues through new product releases. As a result, the parent company will continue to focus time and resources on new product development which requires planning, designing and testing at technological and manufacturing-process levels. Also at the parent level, recruiting and retaining qualified scientific, production and management personnel are critical to the Company's success as this allows the Company to provide products the market wants prior to competitors. Adding to this foundation the Company retains qualified scientific personnel to troubleshoot and help with customer projects, and to develop ongoing relationships with customers. Another element on which the Company's parent Company focuses is to reduce manufacturing costs where possible. Customer price, service and quality are central to the Company's overall business strategy. The Company's future success with these strategies are also highly dependent on macro issues, such as continued recovery in the markets and continued government funding for research institutions. As mentioned earlier the impact of COVID-19 was most substantial in Q2 2020, however, the Company recovered during the remainder of 2020. Normalised levels of ordering resumed in 2020 and continue to increase throughout early 2021.

Items required under Schedule 7 to be disclosed in the directors' report are set out in the strategic report in accordance with s.414C(1) CA 2006.

On behalf of the board

J G Lay
Director
8 April 2021

BIOLEGEND UK LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The director presents his annual report and financial statements for the year ended 31 December 2019.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid (2019 - £nil).

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

J G Lay

Future developments

Details of future developments are set out in the strategic report on page 3.

Auditor

In accordance with the company's articles, a resolution proposing that Wilson Wright LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless she is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. She is 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.

BIOLEGEND UK LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the strategic report on pages 1 to 3.

The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. The parent company has undertaken to provide financial support to ensure that the company is able to meet its liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities, for a period of 12 months from the date of approval of the balance sheet. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

J G Lay
Director

8 April 2021

BIOLEGEND UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIOLEGEND UK LIMITED

Opinion

We have audited the financial statements of Biolegend UK Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the director 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. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 matters prescribed by the Companies Act 2006

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

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

BIOLEGEND UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BIOLEGEND UK LIMITED

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 and the director's report.

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

BIOLEGEND UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BIOLEGEND UK LIMITED

Capability of the audit in detecting irregularities, including fraud:

Based on our understanding of the company and the industry, we identified that the principal risks of non-compliance with laws and regulations related to the failure to comply with tax regulations, environmental regulations, health and safety regulations, and anti-bribery and anti-corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the auditors included:

- Discussions with key management personnel, including consideration of known or suspected instances of non-compliance with laws and regulations;
- Assessing management's significant judgements and estimates in particular those relating to the obsolete stock provision;
- Identifying and testing manual journal entries, in particular any journal entries posted with unclear rationale.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available 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 her 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.

Warren Baker FCA (Senior Statutory Auditor)
For and on behalf of Wilson Wright LLP

8 April 2021

Chartered Accountants
Statutory Auditor
Thavies Inn House
3-4 Holborn Circus
London
EC1N 2HA

BIOLEGEND UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	15,483,678	33,037,944
Cost of sales		(12,661,967)	(27,348,445)
Gross profit		2,821,711	5,689,499
Distribution costs		(1,190,011)	(1,451,749)
Administrative expenses		(789,381)	(486,273)
Other operating income		40,121	-
Operating profit	4	882,440	3,751,477
Interest receivable and similar income		5,906	59
Interest payable and similar expenses	7	(47,737)	(106,062)
Profit before taxation		840,609	3,645,474
Tax on profit	8	(162,906)	(693,823)
Profit for the financial year		677,703	2,951,651

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 13 to 23 form an integral part of these financial statements.

BIOLEGEND UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	9		36,774		47,256
Current assets					
Stocks	11	5,293,757		9,212,021	
Debtors	12	2,171,234		3,372,898	
Cash at bank and in hand		5,951,629		2,957,205	
		<u>13,416,620</u>		<u>15,542,124</u>	
Creditors: amounts falling due within one year	13	<u>(7,587,162)</u>		<u>(10,393,590)</u>	
Net current assets			5,829,458		5,148,534
Total assets less current liabilities			<u>5,866,232</u>		<u>5,195,790</u>
Creditors: amounts falling due after more than one year	14		(6,349)		(9,280)
Provisions for liabilities					
Deferred tax liability	15	<u>(1,732)</u>	1,732	<u>2,598</u>	(2,598)
Net assets			<u><u>5,861,615</u></u>		<u><u>5,183,912</u></u>
Capital and reserves					
Called up share capital	17		1		1
Profit and loss reserves	18		<u>5,861,614</u>		<u>5,183,911</u>
Total equity			<u><u>5,861,615</u></u>		<u><u>5,183,912</u></u>

The financial statements were approved and signed by the director and authorised for issue on 8 April 2021

J G Lay
Director

Company Registration No. 07167526

BIOLEGEND UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2019	1	2,232,260	2,232,261
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	2,951,651	2,951,651
Balance at 31 December 2019	1	5,183,911	5,183,912
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	677,703	677,703
Balance at 31 December 2020	1	5,861,614	5,861,615

BIOLEGEND UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	22	2,684,928		2,043,074	
Interest paid		(47,737)		-	
Income taxes refunded/(paid)		364,730		(996,236)	
Net cash inflow from operating activities		3,001,921		1,046,838	
Investing activities					
Purchase of tangible fixed assets		(13,403)		(14,954)	
Interest received		5,906		59	
Net cash used in investing activities			(7,497)		(14,895)
Financing activities					
Repayment of borrowings		-		(106,062)	
Net cash used in financing activities			-		(106,062)
Net increase in cash and cash equivalents		2,994,424		925,881	
Cash and cash equivalents at beginning of year		2,957,205		2,031,324	
Cash and cash equivalents at end of year		5,951,629		2,957,205	

BIOLEGEND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Biolegend UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 4th Floor Rear, Highgate Business Centre, 33 Greenwood Place, London, NW5 1LB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 1 to 3.

The Company has considerable financial resources together with long-term contracts with a number of customers across different geographic areas and industries. The parent company has undertaken to provide financial support to ensure that the Company is able to meet its liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities, for a period of 12 months from the date of approval of the balance sheet. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook resulting from the Covid-19 outbreak. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Turnover

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The company recognises revenue when:

- The amount of revenue can be reliably measured;
- It is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

BIOLEGEND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	10% on cost
Computer equipment	33% on cost
Fixtures and fittings	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of income.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first in, first out method.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

BIOLEGEND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through the statement of income, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

BIOLEGEND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

BIOLEGEND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Provision for slow moving, faulty and obsolete stock

Management have devised a mathematical model to calculate the expected stock that will pass its sell-by date or otherwise become obsolete based on information of actual stock movements.

3 Turnover

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of goods	14,851,070	33,037,944
Commission receivable	632,608	-
	<u>15,483,678</u>	<u>33,037,944</u>

BIOLEGEND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3	Turnover	(Continued)	
		2020	2019
		£	£
	Turnover analysed by geographical market		
	United Kingdom	10,644,233	11,301,532
	Europe	4,828,293	21,485,127
	Asia	9,601	102,709
	Non EU/USA	1,551	148,576
		<u>15,483,678</u>	<u>33,037,944</u>
		<u><u>15,483,678</u></u>	<u><u>33,037,944</u></u>
4	Operating profit	2020	2019
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Exchange gains	(183,911)	(355,851)
	Government grants - Coronavirus Job Retention Scheme	(40,121)	-
	Depreciation of owned tangible fixed assets	23,885	19,855
	Operating lease charges	156,114	156,114
		<u>156,114</u>	<u>156,114</u>
		<u><u>156,114</u></u>	<u><u>156,114</u></u>
5	Auditor's remuneration	2020	2019
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	20,000	31,000
		<u>20,000</u>	<u>31,000</u>
		<u><u>20,000</u></u>	<u><u>31,000</u></u>
6	Employees		
	The average monthly number of persons (including directors) employed by the company during the year was:		
		2020	2019
		Number	Number
	Admin	5	4
	Sales/Marketing	14	16
	Shipping/Manufacturing	6	9
		<u>25</u>	<u>29</u>
		<u><u>25</u></u>	<u><u>29</u></u>

BIOLEGEND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,070,638	934,099
Social security costs	117,225	98,183
Pension costs	38,032	37,677
Other short-term employee benefits	9,051	6,861
Other employee expense	316,309	120,174
	<u>1,551,255</u>	<u>1,196,994</u>

The company Director was remunerated through other group companies and no recharges are made in relation to their services. No apportionment of their remuneration for these services was practicable.

7 Interest payable and similar expenses

	2020 £	2019 £
Other finance costs:		
Other interest	47,737	106,062
	<u>47,737</u>	<u>106,062</u>

8 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	163,000	692,925
Adjustments in respect of prior periods	4,236	-
Total current tax	<u>167,236</u>	<u>692,925</u>
Deferred tax		
Origination and reversal of timing differences	(4,330)	898
Total tax charge	<u>162,906</u>	<u>693,823</u>

BIOLEGEND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	840,609	3,645,474
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	159,716	692,640
Deferred tax adjustments in respect of prior years	-	898
Effect of expense not deductible in determining taxable profit/(loss)	(1,012)	(665)
Tax increase from effect of capital allowances and depreciation	1,827	950
Other tax effects for reconciliation between accounting profit and tax expense	2,469	-
Deferred tax movement	(4,330)	-
Under provided in prior years	4,236	-
Taxation charge for the year	162,906	693,823

9 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2020	69,986	76,192	94,963	241,141
Additions	-	13,403	-	13,403
At 31 December 2020	69,986	89,595	94,963	254,544
Depreciation and impairment				
At 1 January 2020	41,201	62,939	89,745	193,885
Depreciation charged in the year	9,724	11,434	2,727	23,885
At 31 December 2020	50,925	74,373	92,472	217,770
Carrying amount				
At 31 December 2020	19,061	15,222	2,491	36,774
At 31 December 2019	28,785	13,253	5,218	47,256

BIOLEGEND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Financial instruments

	2020 £	2019 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,143,345	2,335,646
Carrying amount of financial liabilities		
Measured at amortised cost	6,690,480	9,983,040

11 Stocks

	2020 £	2019 £
Finished goods and goods for resale	5,293,757	9,212,021

12 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	1,479,009	2,295,942
Corporation tax recoverable	-	471,864
Other debtors	624,632	513,272
Prepayments and accrued income	27,889	52,116
	2,131,530	3,333,194

	2020 £	2019 £
Amounts falling due after more than one year:		
Other debtors	39,704	39,704
Total debtors	2,171,234	3,372,898

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	52,761	46,406
Corporation tax	60,102	-
Other taxation and social security	33,788	-
Deferred income	809,141	419,830
Other creditors	6,552,566	9,868,988
Accruals	78,804	58,366
	7,587,162	10,393,590

BIOLEGEND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

14 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Deferred rent	6,349	9,280

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	2,618	2,598
General provisions	(4,350)	-
	(1,732)	2,598
Movements in the year:		2020 £
Liability at 1 January 2020		2,598
Credit to profit or loss		(4,330)
Asset at 31 December 2020		(1,732)

16 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	38,031	37,677

17 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	1	1	1	1

18 Profit and loss reserves

The profit and loss reserve represents cumulative profits and losses, net of dividends paid and other adjustments.

BIOLEGEND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	135,680	135,680
Between one and five years	159,099	429,653
	<u>294,779</u>	<u>565,333</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £132,750 (2019 - £132,750).

The leases will expire on 4th March 2023.

Other financial commitments

The company has a commitment to pay service charges of £24,590 per annum in relation to the land and buildings. Total service charge payable within one year is £24,590 (2019- £23,365) and total service charge payable between one and five years is £27,398 (2019 - £70,095).

20 Related party transactions

The company has taken advantage of the exemption available in accordance with Section 33.1A of Financial Reporting Standard 102 whereby it has not disclosed transactions entered into between two or more members of a group, as the parent company wholly owns the subsidiary undertakings in which the company is party to the transactions.

21 Ultimate controlling party

The ultimate controlling party is Biolegend Inc.

The company's ultimate parent undertaking and immediate controlling party is BioLegend Inc, a company incorporated in United States of America.

BIOLEGEND UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

22 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	677,703	2,951,651
Adjustments for:		
Taxation charged	162,906	693,823
Finance costs	47,737	106,062
Investment income	(5,906)	(59)
Depreciation and impairment of tangible fixed assets	23,885	21,008
Movements in working capital:		
Decrease in stocks	3,918,264	2,144,173
Decrease in debtors	729,800	1,273,058
Decrease in creditors	(3,062,665)	(5,379,942)
Increase in deferred income	193,204	233,300
Cash generated from operations	<u>2,684,928</u>	<u>2,043,074</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.