

Company registration number 11685363 (England and Wales)

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

COMPANY INFORMATION

Directors	Mr H Lee Dongsik Kim	(Appointed 16 March 2023)
Company number	11685363	
Registered office	The Switch 1-7 The Grove Slough SL1 1QP	
Auditor	Kirk Rice LLP The Courtyard High Street Ascot Berkshire SL5 7HP	

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 21

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Fair review of the business

The Company is a member of Celltrion Healthcare Co, Ltd (the "Group"). The Company is a private company limited by its shares and it is incorporated and domiciled in United Kingdom (England). The address of the registered office is The Switch, 1-7 The Grove, Slough, SL1 1QP.

The company made a profit before corporation tax for the financial year of £1,154,451 (2021: profit of £2,868,565). The Directors are of the opinion that the current level of activity and the year end financial position are satisfactory and will remain so in the foreseeable future.

The profit after corporation tax for the financial year of £929,400 will be transferred to reserves (2021: profit for the financial year of £2,321,902 transferred to reserves).

Principal risks and uncertainties

The management of the business and the execution of the of the Company's strategy are subject to a number of risks. The most significant is VPAS (Voluntary Scheme for Branded Medicines pricing and access) and its impact on the company. All of the company's products are biosimilars and almost all of the company's revenue is subject to VPAS cost. The company is facing stark choices to remain profitable in the UK.

Development and performance

The company's performance in 2022 has been on target. Commercially, the growth aspiration for 2023 is very strong. The Company is focused on organic growth within existing products and a launch of 2-3 products within the next two years. Celltrion Group has the largest biosimilar portfolio in the world. The Company's aim is to bring all those products to the UK market.

Key performance indicators

The Directors monitor the activities and the performance of the Company on a regular basis. The Directors also monitor the performance of the individual products on a regular basis. There are no other financial and non-financial performance indicators being used at present.

On behalf of the board

Mr H Lee
Director

21 September 2023

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the company continued to be that of selling, marketing and distribution of pharmaceutical products in the UK.

Results and dividends

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Mr H Lee

Mr J Shin

Dongsik Kim

(Resigned 16 March 2023)

(Appointed 16 March 2023)

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 8 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Future developments

After a very successful launch of Regkirona (Covid antibody medicine) in EU countries we are in the final process of becoming a Marker Authorisation Holder for the product in UK and receiving an approval from MHRA for the sale and distribution of the product in UK.

Auditor

Kirk Rice LLP were appointed as auditor to the company during the year and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern. As a result of our assessment, we consider that the Company is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

VPAS has had a negative impact on the business and requires careful management of both future investment and cash flow.

The Directors have taken into account that as part of the Group, the company has the ability to request the support from the Group where necessary and can take actions to ensure business continuity through operational channels as well as the ability to manage variable costs.

On behalf of the board

Mr H Lee
Director

21 September 2023

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

Opinion

We have audited the financial statements of Celltrion Healthcare United Kingdom Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

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 UK adopted international accounting standards; 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 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.

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CELLTRION HEALTHCARE UNITED KINGDOM 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 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Our audit approach was developed by obtaining an understanding of the company's activities, the key functions undertaken on behalf of the Board by management and by service organisations, and the overall control environment. Based on this understanding we assessed those aspects of the company's transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit risks and planned our audit approach accordingly.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, IFRS, and regulations which affect the company's products.

We designed audit procedures to respond to the risk, recognising that 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, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements. Our tests included, but were not limited to:

- Agreement of the financial statements disclosures to underlying supporting documentation;
- Enquiries of management;
- Considering the effectiveness of control environment in monitoring compliance with laws and regulations.

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

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. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 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.

Graham Jennings (Senior Statutory Auditor)
For and on behalf of Kirk Rice LLP

21 September 2023

Statutory Auditor

The Courtyard
High Street
Ascot
Berkshire
SL5 7HP

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	as restated £
Revenue	3	53,935,589	28,651,900
Cost of sales		(36,926,288)	(20,896,564)
Gross profit		17,009,301	7,755,336
Administrative expenses		(15,660,126)	(4,802,483)
Operating profit	4	1,349,175	2,952,853
Finance costs	7	(194,724)	(84,288)
Profit before taxation		1,154,451	2,868,565
Income tax expense	8	(225,051)	(546,663)
Profit and total comprehensive income for the year	19	929,400	2,321,902

The income statement has been prepared on the basis that all operations are continuing operations.

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		2022	2021
	Notes	£	as restated £
Non-current assets			
Property, plant and equipment	9	173,343	215,261
Current assets			
Inventories	10	1,611,411	3,385,007
Trade and other receivables	11	24,844,324	12,097,462
Cash and cash equivalents		1,756,822	1,128,534
		28,212,557	16,611,003
Current liabilities			
Trade and other payables	14	22,408,381	7,671,819
Current tax liabilities		259,698	315,071
Borrowings	13	1,500,000	5,500,000
Lease liabilities	15	95,591	85,624
		24,263,670	13,572,514
Net current assets		3,948,887	3,038,489
Non-current liabilities			
Lease liabilities	15	70,853	134,809
Deferred tax liabilities	16	6,517	3,481
		77,370	138,290
Net assets		4,044,860	3,115,460
Equity			
Called up share capital	18	490,100	490,100
Retained earnings	19	3,554,760	2,625,360
Total equity		4,044,860	3,115,460

The financial statements were approved by the board of directors and authorised for issue on 21 September 2023 and are signed on its behalf by:

Mr H Lee
Director

Company registration number 11685363

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 January 2021	490,100	303,458	793,558
Year ended 31 December 2021			
Profit and total comprehensive income for the year (as restated)	-	2,321,902	2,321,902
Balance at 31 December 2021 (as restated)	490,100	2,625,360	3,115,460
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	929,400	929,400
Balance at 31 December 2022	490,100	3,554,760	4,044,860

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	23		5,194,433		(4,623,090)
Interest paid			(194,724)		(33,695)
Income taxes paid			(277,388)		(313,954)
Net cash inflow/(outflow) from operating activities			4,722,321		(4,970,739)
Investing activities					
Purchase of property, plant and equipment		(14,709)		(4,812)	
Net cash used in investing activities			(14,709)		(4,812)
Financing activities					
Repayment of bank loans		(4,000,000)		5,500,000	
Payment of lease liabilities		(79,324)		(82,736)	
Net cash (used in)/generated from financing activities			(4,079,324)		5,417,264
Net increase in cash and cash equivalents			628,288		441,713
Cash and cash equivalents at beginning of year			1,128,534		686,821
Cash and cash equivalents at end of year			1,756,822		1,128,534

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Celltrion Healthcare United Kingdom Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Switch, 1-7 The Grove, Slough, SL1 1QP. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

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 Directors have made an assessment of the Company's ability to continue as a going concern. As a result of our assessment, we consider that the Company is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

VPAS has had a negative impact on the business and requires careful management of both future investment and cash flow.

The Directors have taken into account that as part of the Group, the company has the ability to request the support from the Group where necessary and can take actions to ensure business continuity through operational channels as well as the ability to manage variable costs.

1.3 Revenue

Revenue from the sale of pharmaceutical goods is recognised when the significant risks and rewards of the ownership of goods have passed to the buyer (usually on dispatch on inspected goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the cost incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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	Over useful life of lease
Computers	20% on cost
Motor vehicles	33% 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 recognised in the income statement.

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 Impairment of tangible and intangible assets

At each reporting 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 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Inventories are valued using the weighted average cost method. Goods with the shortest expiry dates are dispatched first.

1.7 Cash and cash equivalents

Cash and cash equivalents 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 assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

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 income statement 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.

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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 income statement, 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 Retirement benefits

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

1.12 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. 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 consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

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 and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, 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 right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

1.13 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.

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Impairments

Determine whether there are indicators of impairment of the Company's fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Key sources of estimation uncertainty

Depreciation

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The Company's directors are of the opinion that there are no other judgements and no estimates or assumptions that have a significant risk of causing material adjustment to the carrying value of assets and liabilities for the company within the next financial year.

3 Revenue

	2022	2021
	£	£
		as restated
Revenue analysed by class of business		
Product sales	53,935,589	28,651,900

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	21,844	(623,618)
Fees payable to the company's auditor for the audit of the company's financial statements	30,000	27,950
Depreciation of property, plant and equipment	81,962	83,709
Cost of inventories recognised as an expense	36,926,288	20,896,564

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Employees

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

2022 Number	2021 Number
23	17

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,257,256	1,585,529
Social security costs	265,694	179,751
Pension costs	110,640	84,344
	2,633,590	1,849,624

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	174,466	54,401

7 Finance costs

	2022 £	2021 £
Interest on bank overdrafts and loans	174,978	52,364
Interest on lease liabilities	19,344	11,402
Other interest payable	402	20,522
Total interest expense	194,724	84,288

8 Income tax expense

	2022 £	2021 £ as restated
Current tax		
UK corporation tax on profits for the current period	222,015	546,683
Deferred tax		
Origination and reversal of temporary differences	3,036	(20)
Total tax charge	225,051	546,663

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Income tax expense

(Continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2022 £	2021 £ as restated
Profit before taxation	1,154,451	2,868,565
Expected tax charge based on a corporation tax rate of 19.00% (2021: 19.00%)	219,346	545,027
Effect of expenses not deductible in determining taxable profit	4,981	1,755
Deferred tax adjustment	724	(119)
Taxation charge for the year	225,051	546,663

9 Property, plant and equipment

	Leasehold land and buildings	Computers	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2021	215,852	21,374	79,466	316,692
Additions	-	4,812	19,227	24,039
At 31 December 2021	215,852	26,186	98,693	340,731
Additions	-	14,709	25,335	40,044
At 31 December 2022	215,852	40,895	124,028	380,775
Accumulated depreciation and impairment				
At 1 January 2021	35,976	2,948	2,837	41,761
Charge for the year	49,104	4,917	29,688	83,709
At 31 December 2021	85,080	7,865	32,525	125,470
Charge for the year	41,404	6,962	33,596	81,962
At 31 December 2022	126,484	14,827	66,121	207,432
Carrying amount				
At 31 December 2022	89,368	26,068	57,907	173,343
At 31 December 2021	130,772	18,321	66,168	215,261

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Property, plant and equipment (Continued)

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2022 £	2021 £
Net values at the year end		
Property	89,368	130,772
Motor vehicles	57,908	66,168
	<u>147,276</u>	<u>196,940</u>
Total additions in the year	<u>25,335</u>	<u>19,227</u>
Depreciation charge for the year		
Property	41,404	49,104
Motor vehicles	33,596	29,688
	<u>75,000</u>	<u>78,792</u>

10 Inventories

	2022 £	2021 £
Finished goods	<u>1,611,411</u>	<u>3,385,007</u>

11 Trade and other receivables

	2022 £	2021 £
Trade receivables	23,750,127	11,995,296
Other receivables	888,576	-
Prepayments	205,621	102,166
	<u>24,844,324</u>	<u>12,097,462</u>

12 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Borrowings

	2022 £	2021 £
Borrowings held at amortised cost:		
Bank loans	1,500,000	5,500,000

Celltrion Healthcare Co., Ltd (the ultimate controlling company) has provided a guarantee over the bank loan borrowing facility.

14 Trade and other payables

	2022 £	2021 £
Trade payables	1,101,593	481,258
Amounts owed to fellow group undertakings	14,479,141	5,010,455
Accruals	3,436,553	330,179
Social security and other taxation	3,391,094	1,849,927
	<u>22,408,381</u>	<u>7,671,819</u>

Amounts owed to group undertakings are unsecured and repayable on demand. Interest is charged on overdue inter-company invoices at a rate of 4.6% per annum.

15 Lease liabilities

	2022 £	2021 £
Maturity analysis		
Within one year	95,591	85,624
In two to five years	70,853	134,809
	<u>166,444</u>	<u>220,433</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £	2021 £
Current liabilities	95,591	85,624
Non-current liabilities	70,853	134,809
	<u>166,444</u>	<u>220,433</u>

	2022 £	2021 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>19,344</u>	<u>11,402</u>

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Lease liabilities (Continued)

The fair value of the company's lease obligations is approximately equal to their carrying amount.

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £
Liability at 1 January 2021	3,501
Deferred tax movements in prior year	
Charge/(credit) to profit or loss	(20)
Liability at 1 January 2022	3,481
Deferred tax movements in current year	
Charge/(credit) to profit or loss	3,036
Liability at 31 December 2022	6,517

17 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £110,640 (2021 - £84,344).

18 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £10 each	49,010	49,010	490,100	490,100

19 Retained earnings

The retained earnings reserve represents cumulative profits and losses.

20 Capital risk management

The company is not subject to any externally imposed capital requirements.

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Related party transactions

Remuneration of key management personnel

The total remuneration of directors and other members of key management in 2022 (including gross salaries, social security costs, pension costs and other benefits) was £198,534 (2021: £60,750).

Other information

Total purchases made from Celltrion Healthcare Hungary Kft (the parent company) during the year were £38,222,823 (2021: £16,350,696), and trade payables to Celltrion Healthcare Hungary Kft as at 31 December 2022 was £14,440,407 (2021: £5,010,455).

Total purchases made from Celltrion Healthcare Ireland Limited (a fellow subsidiary company) during the year were £78,722 (2021: £nil), and trade payables to Celltrion Healthcare Ireland Limited as at 31 December 2022 was £78,733 (2021: £nil).

Other costs charged to Celltrion Healthcare CO., LTD. (the ultimate parent company) during the year were £1,408 (2021: £1,349), and trade receivables from Celltrion Healthcare CO., LTD. as at 31 December 2022 was £1,408 (2021: £nil).

22 Controlling party

The Company's immediate parent company is Celltrion Healthcare Hungary KFT (a company incorporated in Hungary) by virtue of its 100% direct shareholding in Celltrion Healthcare United Kingdom Limited.

The Company's ultimate parent company is Celltrion Healthcare Co., Ltd (a company incorporated and listed in South Korea) by virtue of its 100% indirect shareholding in Celltrion Healthcare United Kingdom Limited.

There is no ultimate controlling party of the Company.

The smallest group in which the results of the Company are consolidated is that headed by Celltrion Healthcare Hungary KFT. The consolidated accounts of the Company may be obtained from Váci út 1-3, WestEnd Office building B torony, 1062 Hungary.

The largest group in which the results of the Company are consolidated is that headed by Celltrion Healthcare Co., Ltd. The consolidated accounts of the Company may be obtained from 4th Floor, 19 Academyro, 51 beon-gil, Yeonsu-Gu, Incheon, 22014, Korea.

23 Cash generated from/(absorbed by) operations

	2022 £	2021 £
Profit for the year before income tax	1,154,451	2,868,565
Adjustments for:		
Finance costs	194,724	84,288
Depreciation and impairment of property, plant and equipment	81,962	83,709
Movements in working capital:		
Decrease in inventories	1,773,596	5,063,431
Increase in trade and other receivables	(12,746,862)	(9,110,866)
Increase/(decrease) in trade and other payables	14,736,562	(3,612,217)
Cash generated from/(absorbed by) operations	5,194,433	(4,623,090)

CELLTRION HEALTHCARE UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Prior period adjustment

Changes to the statement of financial position

	At 31 December 2021		
	Previously reported £	Adjustment £	As restated £
Creditors due within one year			
Taxation	(30,388)	(284,683)	(315,071)
Net assets	3,400,143	(284,683)	3,115,460
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves			
Retained earnings	2,910,043	(284,683)	2,625,360
Total equity	3,400,143	(284,683)	3,115,460
	<u> </u>	<u> </u>	<u> </u>

Changes to the income statement

	Period ended 31 December 2021		
	Previously reported £	Adjustment £	As restated £
Revenue	29,380,233	(728,333)	28,651,900
Administrative expenses	(5,530,816)	728,333	(4,802,483)
Taxation	(261,980)	(284,683)	(546,663)
Profit for the financial period	2,606,585	(284,683)	2,321,902
	<u> </u>	<u> </u>	<u> </u>

Notes to reconciliation

A prior year adjustment has been recognised in order to reclassify wholesaler distribution fees from administrative expenses to revenue to comply with IFRS 15.

A second prior year adjustment has been recognised in order to reflect an amendment made to the corporation tax return for the year ended 31 December 2021.

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.