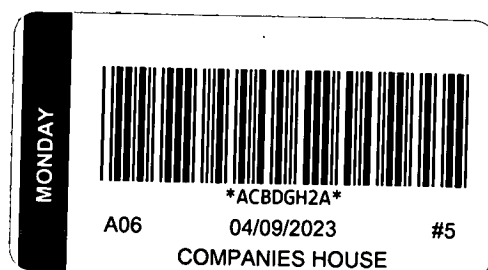


Registered number: 13498204

BBI SOLUTIONS GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



BBI SOLUTIONS GROUP LIMITED

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BBI SOLUTIONS GROUP LIMITED

COMPANY INFORMATION

Directors

M P Gualano
K Huebscher
J H Hueffer
D R Martyr
C M Hill
T S Toivainen
E C Blythe

Registered number

13498204

Registered office

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Cardiff
CF10 3GA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Kingsway
Cardiff
CF10 3PW

BBi SOLUTIONS GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the Strategic Report of BBI Solutions Group Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2022.

Principal activities

The Company is the holding company for the BBI Solutions Group Limited, which operates as BBI Solutions. BBI Solutions is a leading expert in immunoassay development and manufacturing services and provides an extensive portfolio of products and next generation technologies to the global diagnostic market.

BBI Solutions has been serving the global diagnostics industry for over 50 years and is the world's largest independent producer of immuno-diagnostics reagents.

BBI Solutions' core competencies include a comprehensive suite of reagents with custom development options, lateral flow development, diagnostic manufacturing services and smartphone reader technologies. Leveraging our decades of experience in all stages of diagnostic development for the right solutions the first time.

BBI Solutions' connected core competencies and end-to-end services mean that customers can partner with one company from initial concept of an assay, through development, sourcing reagents, manufacture and commercialisation of a test.

- BBI Solutions develop and manufacture critical components for the diagnostics industry and apply expertise by delivering solutions that bring critical components together in developing and manufacturing point of care and conventional tests.
- BBI Solutions' Novarum™ Mobile Diagnostic Platform complements the diagnostics workflow to allow rapid interpretation and sharing of assay results. This makes BBI Solutions unique amongst in-vitro diagnostics suppliers.
- BBI Solutions' range of immuno-diagnostics reagents includes human antigens, antibodies, gold nanoparticles and conjugates, enzymes, and serum and plasma products.
- With manufacturing sites spanning four continents, BBI Solutions produces world-renowned labels for lateral flow, ELISA assay and biosensors, including our high-quality gold nanoparticles and glucose oxidase. Our German-based business is also the leading provider of antigens in the autoimmune and tick-borne IVD markets.

BBI SOLUTIONS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Business review

In the year ended 31 December 2022, the Group's reported turnover was £77.0m (5 months ended 31 December 2021: £28.9m), delivering Group EBITDA before exceptional items of £27.0m (5 months ended 31 December 2021: £10.4m) (35.1% (5 months ended 31 December 2021: 36.0%) of sales) and the gross profit margin was 55.9% (5 months ended 31 December 2021: 54.8%).

Loss before taxation was £78.1m (5 months ended 31 December 2021: £35.2m).

The Group incurred exceptional items of £3.9m (5 months ended 31 December 2021: £7.6m), which primarily relate to the final unwinding of the fair value stock adjustments arising from the acquisition accounting for BBI Solutions Group Holding Limited, Bio-Tez Berlin-Buch GmbH and Steffens Biotechnische Analysen GmbH which took place in 2021, consultancy legal and tax fees in support of specific, non-recurring activities during the year and costs to integrate Bio-Tez Berlin-Buch GmbH and Steffens Biotechnische Analysen GmbH into the Group. Further detail is contained in note 6.

As at 31 December 2022, the Group had net liabilities of £115.6m (2021: £32.0m).

At 31 December 2022, the external net debt position of the Group is £136.0m (2021: £137.0m) after unamortised debt fees. The Group's external borrowing facilities, which are further described in note 21 are not repayable until 2028 and have covenants attached to them which have been met in 2022. At the Balance Sheet date, and for the foreseeable future, there is headroom on these covenants.

Future developments

The directors will continue to implement the business strategy as agreed by the Board of Directors (the "Board"). With the continued support of shareholders and its wider stakeholders, the Board believes that the Company and Group has a sound financial position to continue to service the global diagnostics market.

BBI SOLUTIONS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to several risks. Risks are formally reviewed by the Board and appropriate processes are put in place to monitor and mitigate them.

Competition

BBI Solutions operates in a competitive market with significant product innovations. It is subject to the threat of its competitors launching new products which could render its range of products obsolete and so result in rapid loss of market share. To reduce this risk, BBI Solutions has developed or acquired a range of products so that it is not overly dependent on one area or individual customer to drive growth. BBI Solutions is also in regular contact with its customers to ensure that its products continue to meet their needs.

Exchange Rate Movements

The Group generates sales in GBP, US Dollars, Chinese Yuan and Euros and has overseas investments in Euro, South African Rand, Chinese Yuan and US Dollars. It is therefore exposed to the risk of exchange rate movements. However, the Group has external loan financing in US Dollars and Euros and sources products and labour in the United States, South Africa, Asia and Europe, and therefore partially mitigates the foreign exchange risk.

Interest Rate Movements

The Group has external borrowing which are subject to floating interest rates at various base rates, the Group is therefore exposed to the risk of interest rate rises. The Group does not hedge this risk, however the Group's forecasts show, when assessed against what is considered to be a reasonable downside risk scenario, that it has the ability to meet its interest payments when they fall due for the foreseeable future.

Conflict in Ukraine

Russia's invasion of Ukraine broke at the end of February 2022. The economic ramifications of increases to energy prices, rising pressures on inflation rates, fluctuations in foreign exchange rates, unease in stock market trading and interest rate rises have been experienced across the world. We have assessed the direct impact of the ongoing conflict and the sanctions imposed upon Russia and Belarus. BBI Solutions has no direct presence in the region in terms of operations or employees and has a limited customer base in the region.

Inflation

Increased demand throughout the world in the aftermath of the COVID-19 pandemic has led to increased pressures on supply chains and, coupled with the conflict in Ukraine, has seen high inflation in much of the world.

Inflation and supply chain disruptions are affecting all companies to some extent. We manage this through a combination of long term contracts, looking at secondary sources of material, holding of increased inventory and managing sales prices where considered appropriate.

Financial key performance indicators

The Group uses turnover, gross profit and EBITDA as its Key Performance Indicators. Performance against these measures were satisfactory during the year. EBITDA comprises of profit before interest, tax, depreciation, amortisation and exceptional items.

	Year ended 31 December	Period ended 31 December
	2022	2021
Turnover (£m)	77.0	28.9
Gross profit (£m)	43.1	15.8
EBITDA before exceptional items (£m)	27.0	10.4

BBI SOLUTIONS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172(1) directors' statement

A director of a company must act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

Our Purpose

The primary purpose of BBI Solutions is to serve the science of diagnostics.

BBI Solutions aims to deliver exceptional products and technologies that people rely on to enjoy a better quality of life. Through innovation, partnership, effective delivery and the collaboration of our people, we constantly strive to help set industry standards, engender trust and build our reputation for excellence.

The Board's approach to section 172 decision-making

Collectively the Board, appointed by the Company's shareholders, are responsible for the effective oversight of the Company and have implemented a governance structure to support the long-term success of the Company to deliver sustainable shareholder value.

The Board comprises the Chairman, representatives from the Company's shareholders, the Group's CEO and CFO and non-executive directors appointed by the Company's shareholders. The Board meets quarterly, a minimum of 4 times per year, and received board papers, presentations, project updates and proposals in relation to all key issues and decisions of the business including Operations, Commercial, Quality, Human Resources, Project Management (PMO), Mergers and Acquisitions, Finance, Environmental Social and Governance (ESG) and IT.

The Board uses these materials as the basis to consider and discuss both key strategic and tactical decisions, taking account of their likely long-term impact on the activities and success of the business and on its key stakeholders where relevant.

BBI Solutions also has an Audit Committee and a Remuneration Committee comprising of directors and non-executive directors. Each of these committees meet regularly, has specific Terms of Reference and are required to advise the Board on their respective areas.

The Company also has in place a controls framework and delegated authority levels for key business decisions, such as approval of contracts.

The Board has approved and implemented several policies which govern and promote effective corporate and social responsibilities, such as the Environmental, Social and Governance policy, Anti-Bribery and Corruption policy, Gender Pay Gap reporting, Modern Slavery policy, Social Media Policy and various Codes Of Conduct (for Employees, Suppliers, Customers and Communities).

BBI SOLUTIONS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172(1) directors' statement (continued)

Stakeholder engagement

The Board acknowledge that the long-term success of the Company is dependent on the way it works with several important stakeholders. Key stakeholders are considered in their decision making and in doing so ensure the director's duty is discharged under section 172 of the Companies Act 2006.

Customers

Customers are proactively engaged throughout our global Commercial team structure in order to build long standing relationships and deliver high standards of service. In 2022 the Commercial team implemented a range of initiatives to further improve the customer experience, with extremely positive results. We also have dedicated Customer Services teams to ensure we have met our customers' needs and services.

Our global Compliance team ensure that we achieve customer quality requirements and that we conform to all applicable regulatory requirements. Each BBI Solutions site measures their success against this primary objective via a range of processes, which include customer satisfaction surveys and customer site audits.

Monthly reports are provided by the Commercial team to the Senior Leadership Team.

Suppliers

Our Supply Chain is characterised by formal supply contracts of critical raw materials from across the world and these contracts are often governed by formal performance and service level criteria. We have a dedicated global Supply Chain function who continuously engage with suppliers to ensure we build effective relationships.

BBI Solutions is committed to maintaining the highest possible standards of integrity and trust in our business relationships with suppliers, and in turn, look to suppliers and contractors who operate with values and standards like ours.

Monthly reports are provided by the Supply Chain team to the Senior Leadership Team.

Employees

The Board recognises that nurturing our talent and enabling our employees to advance their career at all levels of the organisation within BBI Solutions contributes directly to our success and position in the market as an Employer of Choice. Developing a pipeline of employees with the knowledge and drive to progress to more senior roles across the business has been a key priority in 2022 in addition to existing initiatives to recruit talent externally.

Improvements in our communication channels in 2022 provides greater awareness of career opportunities and career progression resulting in a growing pipeline of internal talent. Connecting regularly with our employees through a central online hub and monthly newsletter ensures that new and existing employees remain updated and supported in all aspects including company news, access to learning resources, information on new products and services and internal recruitment opportunities.

The CEO and members of the Senior Leadership Team (SLT), hold quarterly "Town Hall" meetings where they present to employees on performance of the business and discuss strategy for the year ahead. The Town Hall meetings provide employees with the opportunity to ask questions to the Board and SLT.

The Company operates employee forums globally, which are employee representative bodies that meet regularly to discuss and propose ideas on employee engagement and wellbeing, lead charity and social events and help improve site-wide communication. Relaxation of Covid restrictions enabled the forums to arrange a full schedule of social events where employees could meet and network with other colleagues in informal, relaxed settings.

BBI SOLUTIONS GROUP LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172(1) directors' statement (continued)

Shareholders

Our Board contains representatives from the Company's majority shareholder and includes non-executive directors appointed by the Company's shareholders. These representatives attend the quarterly Board meetings and receive monthly management accounts and quarterly Board packs containing summaries of key matters.

Lenders

The Group has Term Loans and Revolving Credit Facilities with external lenders, and the Group is subject to ongoing loan compliance obligations. The Group engages with lenders in several ways, which include; monthly Management Information Reports, quarterly covenant reporting statements and an annual strategy presentation.

Community

Our global presence allows BBI Solutions to engage and play a part in many communities across the world and we always aim to operate effectively and safely within each local community. Building relationships with the local community continues to be important to BBI Solutions.

Since 2022, each BBI Solutions site selects a chosen local charity for that year and our employees routinely hold several fundraising events throughout the year. BBI Solutions has a chosen national charity, Cancer Research UK, selected by UK employees.

Environment

This risk of environmental damage caused by spillage of oils or chemicals stored on our sites is controlled through the implementation and enforcement of health and safety policies and procedures, including safe operating procedures.

The Group is committed to further reducing the environmental impact of our operations through the efficient use of resources, the reduction of waste and carbon emissions, recycling, transport planning and the careful handling of hazardous substances.

The Group will encourage its employees and business partners to conduct activities in an environmentally responsible manner by:

- a) Supporting local environment sustainability initiatives such as energy saving, green travel or waste reduction programmes;
- b) Challenging unsustainable activities such as the wasteful use of water;
- c) Being vigilant with respect to reporting any environmental risks, hazards or situations which do not appear right, including any potential regulatory breaches.

To facilitate the measurement of progress, targets are monitored by the Chief Operations Officer to effect continuous improvement.

BBI SOLUTIONS GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Section 172(1) directors' statement (continued)

Principal decisions taken in the year

The Board approved the Group budget for 2022.

The Board also reviewed and approved the Value Creation Plan which sets the strategic direction for the next 5 years of the Group.

The Board considers that it has complied in all material respects with their s.172(1) duties.

The report was approved by the board and signed on its behalf by:



E C Blythe
Director

Date: 24 April 2023

BBI SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and the audited consolidated financial statements of BBI Solutions Group Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2022.

The prior period is for the period 7 July 2021 to 31 December 2021.

Principal activities

The principal activities for the Company and the Group are disclosed in the Strategic Report.

Results and dividends

The loss for the financial year amounted to £80.5m (5 months ended 31 December 2021: £33.7m).

The directors do not recommend the payment of a dividend (2021: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

R G A Couzens (resigned 31 December 2022)
M P Gualano
K Huebscher
J H Hueffer
J L Levy (resigned 31 October 2022)
D R Martyr
C M Hill (appointed 1 April 2022)
T S Toivainen (appointed 31 October 2022)
E C Blythe (appointed 27 February 2023)

Financial risk management objectives and policies

The Group's activities expose it to certain financial risks including:

- Foreign Exchange
- Credit
- Liquidity and cash flows
- Interest rate
- Commodity price risk

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks.

Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations can arise. Exposures to fluctuations in US dollar and Euro are partially mitigated through loans taken out in those currencies and sourcing products and labour in those currencies.

Credit risk

The Group's financial assets are:

- Bank balances
- Cash
- Trade debtors
- Other debtors
- Investments

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Financial risk management objectives and policies (continued)

The Group's credit risk is primarily attributable to its trade debtors. Each local entity is responsible for managing credit risk for individual customers. The amounts presented in the Balance Sheet are net of allowances for doubtful debts. Customer credit limits are used to manage credit risk and allowances for doubtful debts are made when specific customer events or circumstances give rise to evidence of a reduction in the recoverable cash flows associated with the debt.

Two factors reduce credit risk:

1. The Group has no significant concentration of credit risk with any exposure spread over a large number of customers.
2. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity and cash flows risk

Cash flow forecasting is performed in the operating entities and divisions of the Group and is aggregated by Group finance. Group finance monitors the cash flow forecasts and liquidity requirements of the Group to ensure that sufficient cash is available to meet operational needs.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group and the Company has access to committed long term credit facilities.

Interest rate risk

The Group has interest bearing assets and liabilities.

Interest bearing assets include bank balances which earn interest at floating rates.

Interest bearing liabilities include the loans provided for the acquisition of the Group on a floating-rate basis (at a margin of up to 6.5% in addition to various base lending rates).

Commodity price risk

The Group is exposed to commodity price risk. The Group does not manage its exposure to commodity price risk due to cost/benefit considerations.

Environmental matters

The Group recognises the importance of its environmental responsibilities and accepts that concern for the environment and all employees is an integral and fundamental part of its corporate business strategy. The Group monitors its impact on the environment and endeavours to design and implement policies and processes to reduce any damage that might be caused by the Group's activities. Initiatives include:

- Safe disposal of manufacturing waste
- Reducing waste going to landfill
- Cutting energy consumption

Future developments

The Group and Company's future developments are detailed in the Strategic Report.

Research and development activities

The Group continues to invest in research and development of products that will sustain its competitive advantage. The directors regard the investment in research and development as integral to the continuing success of the business and ensuring the Group provides its customers with a quality product. Research and development costs of £2.0m (5 months ended 31 December 2021: £1.0m) were incurred during the year.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Employee Involvement

The Group involves all its employees in its objectives, plans and performance and on other relevant matters of interest to employees through various communication methods and regular Company meetings. The Group is an equal opportunities employer and does not discriminate in the recruitment and promotion of staff.

Engagement with suppliers, customers and others

The Group and Company's engagement with suppliers, customers and others is detailed in the Strategic Report.

Disabled employees

Applications for employment by disabled persons are always fully and fairly considered, bearing in mind the aptitude and ability of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Group continues and that appropriate training is arranged. It continues to be the policy of the Group that the training, career development and promotion of disabled persons should as far as is feasible be identical to that of other employees.

Going concern

The Group has net liabilities of £115.6m (2021: £32.0m) and the Company has net liabilities of £51.6m (2021: £12.8m). The Group and the Company are financed through bank and shareholder debt and the Group is profitable at an EBITDA level and cash generative from its operating activities.

The Group's bank borrowing facilities comprise of a £130m Unitranche multicurrency facility, a £30m Acquisition/Capex facility and £10m Super Senior Revolving facility. The facilities are secured against specified assets within the Group and are committed until 2028.

The Group's forecasts show that it is expected to be profitable at an EBITDA level and cash generative from its operating activities for the foreseeable future and that the Group and Company has the ability to remain within its committed lending facilities. The projections have also been assessed against what is considered to be a reasonable downside risk scenario and the adjusted projection continues to show that the Group and Company would remain within its committed lending facilities and financial covenants. Therefore, the directors have prepared the financial statements on a going concern basis.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Streamlined energy and carbon reporting (SECR)

Streamlined Energy And Carbon Reporting (SECR) disclosure

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1 and 2, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the relevant financial year.

	2022	2021
Energy consumption used to calculate emissions (kWh)	3,489,438	3,772,341
Emissions from combustion of gas (Scope 1) tCO ₂ e	22	22
Emissions from combustion of fuel for transport purposes (Scope 1) tCO ₂ e	4	6
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) tCO ₂ e	-	-
Emissions from purchased electricity (Scope 2, location-based) tCO ₂ e	647	769
Total gross tCO ₂ e based on above	674	797
Intensity ratio (tCO ₂ e/Revenue £m)	13.8180	18.8310

Energy Efficient Action Summary

BBI Solutions OEM Limited continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including;

- (ERP1) Schedule Assembly De-humidifier and AHU5/6 to run to production times and rest outside of these hours. Timer circuit installed and set up to run to 84 hours/week instead of 168 hours/week. New scheduled system running since Oct 21 and will save approximately £40k per annum;
- Automated office lighting – Buying the equipment needed to install PIRs in all offices and common areas so that lighting will shut off when not occupied;
- Office aircon scheduling – Currently all 44 ACUs are on one common time channel and so Demma are currently setting up individual scheduling of each office greatly reducing the demand on HVAC;
- Production equipment scheduling – Discussion with production area leaders about how they schedule their process equipment and if there are opportunities to shutdown machinery if already not doing so and how we control this going forward.
- AHU automatic dampers – We have fixed dampers on production area AHUs and so we are looking to install automatic dampers so that we can use more 'free cold air' especially in the winter months to reduce the demand on the chiller system;
- Installation of local cooling batteries in problem heat gain areas, this will target heat gains in single rooms and avoid using main AHU cooling which is much more costly. This may also avoid using cooling and heating at the same time in specific areas;
- Remote switching on extract systems – Currently extracts are switched on at the mezz level. Install remote switches for all units so that the operators can switch on and off when needed;
- Scrubber scheduling – Either schedule the scrubber unit from BMS or run from a local remote switch to be controlled by Lab operators, at present we run the unit 24 hours a day;
- Vacuum system scheduling – Schedule the vacuum via the BMS system to rest outside of production hours;

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Streamlined Energy And Carbon Reporting (SECR) disclosure (continued)

Energy Efficient Action Summary (continued)

- De-hum efficiency – Re-configure the control circuit on Assembly de-hum to operate on a staggered control rather than 'on/off'. This will reduce the overall demand on the heater banks and enable the unit to run more efficiently;
- PF correction - will 'balance' our power to achieve unity which essentially means that we pay less per kWh than we do at present;
- Control of cargo bay door access – The cargo bay doors are open for much longer periods than necessary and this causes (especially in winter) the aircon system to draw in, through the mezzanine and the stores area, cold air in winter and hot air in summer. This makes each unit work much harder to achieve set points and use more HVAC heating and cooling;
- Facilities HVAC shutdown – Shut down all areas outside of production hours. This will enable the HVAC system to rest outside of production hours and greatly reduce plant costs;
- (ERP16) New Air Driers – replace the old Compressed Air Driers. This will mean more efficiencies in making compressed air for site services and reduce costs;
- (ERP18) Schedule AHU3 to rest outside of office hours. Currently running 168 hours to be scheduled to 50 hours/week.
- AHU7 scheduling. Purchase of two new incubators to enable AHU7 to rest outside of production hours;
- Replace all remaining AHU fan motors with IE3/4 rated motors that are more efficient units than the existing motors during the fallow fit out for the new production areas;
- Fit local chiller unit to the de-hum drying rooms in RT Prep to run out of production hours to reduce the usage of the main site chiller systems;
- Install local chiller on the RO system. This (combined with ERP21) should mean that the main HVAC system can rest at weekends reducing reliance on main chiller/boiler systems running to keep small production areas going through out of hours times.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Streamlined energy and carbon reporting (SECR) (continued)

Methodology notes

	1 January 2022 – 31 December 2022
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with BBI Solutions OEM Limited's financial statements made up to 31 December 2022.
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.
Emissions factor source	DEFRA, 2022 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022
Conversion factor source	Federal Register EPA for natural gas and gasoline (petrol) https://www.ecfr.gov/cgi-bin/textidx?SID=ae265d7d6f98ec86fcd8640b9793a3f6&mc=true&nde=pt40.23.98&rgn=div5#ap40.23.98_138.1 U. S. Energy Information Administration for diesel https://www.eia.gov/totalenergy/data/monthly/pdf/sec12_2.pdf EPA Climate Leaders - Direct Emissions from Stationary Combustion Sources for Liquefied Petroleum Gas (LPG) https://www.epa.gov/sites/production/files/2016-03/documents/stationaryemissions_3_2016.pdf DEFRA, 2022 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022
Calculation method	Activity Data x Emission Factor = GHG emissions Activity Data x Conversion Factor = kWh consumption
Other relevant information on calculation	Transport data was calculated from mileage to kWh in the case of diesel.
Reason for the intensity measurement choice	BBI Solutions OEM Limited uses total revenue to calculate the intensity ratio as this allows emissions to be monitored over time taking into accounts the usage of their facilities. This factor provides the greatest degree of accuracy and is the metric best aligned to the number of their customers.
Rounding	Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%).

BBI SOLUTIONS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Post balance sheet events

On 12 April 2023 the Company announced proposals to integrate its facility in Sittingbourne, Kent with its main manufacturing headquarters at Crumlin, South Wales. The process is subject to consultation with the 45 people employed at the Sittingbourne site.

The plans aim to deliver a number of significant benefits for BBI, its customers and suppliers. These include:

- The opportunity for BBI to centralise our facilities to make use of the laboratories being designed to house our "centre of excellence" state of the art recombinant protein manufacturing facility;
- Common processes and centralised support functions; and
- An envisaged well-controlled staged transfer of manufacturing operations. Our aim is to build stocks at our current site in Sittingbourne to enable a smooth transition with the objective of minimising impact to our customers and suppliers.

BBI SOLUTIONS GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:



E C Blythe
Director

Date: 24 April 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BBI SOLUTIONS GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, BBI Solutions Group Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's loss and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheet as at 31 December 2022; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 Group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BBI SOLUTIONS GROUP LIMITED
(CONTINUED)**

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below:

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment legislation, tax legislation, product and quality standards and health and safety regulations, 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 financial statements such as 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 of inappropriate journal entries to manipulate financial results. Audit procedures performed by the engagement team included:

- Enquiry of the adequacy of the design of management's controls to prevent and detect irregularities;
- Enquiry of Group management around suspected instances of non-compliance with laws and regulations and fraud;
- Review of minutes of meetings of those charged with governance;
- Identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations and consolidation journals;
- Perform an element of unpredictability in our audit; and
- Review and testing of disclosures included in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BBI SOLUTIONS GROUP LIMITED
(CONTINUED)**

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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 for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
Date:

24 April 2023

BBI SOLUTIONS GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

		Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Turnover	Note 5	76,991	28,874
Cost of sales		(33,915)	(13,057)
Gross profit		43,076	15,817
Administrative expenses		(59,230)	(23,161)
Operating loss before exceptional items		(16,154)	(7,344)
Exceptional items	6	(3,892)	(7,641)
Operating loss	7	(20,046)	(14,985)
Depreciation	15	3,061	1,258
Amortisation	14	40,089	16,480
Exceptional items	6	3,892	7,641
EBITDA before exceptionals		26,996	10,394
Finance income	11	15,601	3,297
Finance costs	12	(73,622)	(23,473)
Loss before taxation		(78,067)	(35,161)
Tax on loss	13	(2,427)	1,508
Loss for the financial year/period		(80,494)	(33,653)
Other comprehensive expense for the financial year/period			
Currency translation differences		(3,236)	(679)
Other comprehensive expense for the financial year/period		(3,236)	(679)
Total comprehensive expense for the financial year/period		(83,730)	(34,332)

The notes on pages 27 to 57 form part of these financial statements.

BBI SOLUTIONS GROUP LIMITED
REGISTERED NUMBER: 13498204

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	14	341,297	380,808
Tangible assets	15	19,083	18,624
Investments	16	143	143
		<u>360,523</u>	<u>399,575</u>
Current assets			
Stocks	17	14,262	13,489
Debtors	18	18,603	14,613
Cash at bank and in hand	19	11,120	11,323
		<u>43,985</u>	<u>39,425</u>
Creditors: amounts falling due within one year	20	(12,208)	(15,645)
Net current assets		<u>31,777</u>	<u>23,780</u>
Total assets less current liabilities		<u>392,300</u>	<u>423,355</u>
Creditors: amounts falling due after more than one year	21	(507,319)	(455,105)
Provisions for liabilities			
Deferred taxation	25	(589)	(244)
Net liabilities		<u>(115,608)</u>	<u>(31,994)</u>
Capital and reserves			
Called up share capital	26	197	190
Share premium account	27	2,257	2,148
Profit and loss account	27	(118,062)	(34,332)
Total shareholders' deficit		<u>(115,608)</u>	<u>(31,994)</u>

The financial statements on pages 20 to 57 were approved and authorised for issue by the board and were signed on its behalf by:



E C Blythe
Director

Date: 24 April 2023

The notes on pages 27 to 57 form part of these financial statements.

BBI SOLUTIONS GROUP LIMITED
REGISTERED NUMBER: 13498204

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Investments	16	309,054	308,573
Current assets			
Debtors	18	23	114
Creditors: amounts falling due within one year	20	(476)	(251)
Net current liabilities		<u>(453)</u>	<u>(137)</u>
Total assets less current liabilities		<u>308,601</u>	<u>308,436</u>
Creditors: amounts falling due after more than one year	21	(360,192)	(321,237)
Net liabilities		<u>(51,591)</u>	<u>(12,801)</u>
Capital and reserves			
Called up share capital	26	197	190
Share premium account	27	2,257	2,148
Profit and loss account brought forward		(15,139)	-
Loss for the financial year/period		(38,906)	(15,139)
Profit and loss account carried forward	27	<u>(54,045)</u>	<u>(15,139)</u>
Total shareholders' deficit		<u>(51,591)</u>	<u>(12,801)</u>

The financial statements on pages 20 to 57 were approved and authorised for issue by the board and were signed on its behalf by:



E C Blythe
Director

Date: 24 April 2023

The notes on pages 27 to 57 form part of these financial statements.

BBI SOLUTIONS GROUP LIMITED
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' deficit £000
On Incorporation	-	-	-	-
Comprehensive expense for the financial period				
Loss for the financial period	-	-	(33,653)	(33,653)
Currency translation differences	-	-	(679)	(679)
Other comprehensive expense for the financial period	-	-	(679)	(679)
Total comprehensive expense for the financial period	-	-	(34,332)	(34,332)
Contributions by and distributions to owners				
Shares issued during the financial period	190	2,148	-	2,338
Total transactions with owners	190	2,148	-	2,338
At 31 December 2021 and 1 January 2022	190	2,148	(34,332)	(31,994)
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(80,494)	(80,494)
Currency translation differences	-	-	(3,236)	(3,236)
Other comprehensive expense for the financial year	-	-	(3,236)	(3,236)
Total comprehensive expense for the financial year	-	-	(83,730)	(83,730)
Contributions by and distributions to owners				
Shares issued during the financial year	7	109	-	116
Total transactions with owners	7	109	-	116
At 31 December 2022	197	2,257	(118,062)	(115,608)

The notes on pages 27 to 57 form part of these financial statements.

BBI SOLUTIONS GROUP LIMITED
**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' deficit £000
On incorporation	-	-	-	-
Comprehensive expense for the financial period				
Loss for the financial period	-	-	(15,139)	(15,139)
Total comprehensive expense for the financial period	-	-	(15,139)	(15,139)
Contributions by and distributions to owners				
Shares issued during the financial period	190	2,148	-	2,338
Total transactions with owners	190	2,148	-	2,338
At 31 December 2021 and 1 January 2022	190	2,148	(15,139)	(12,801)
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(38,906)	(38,906)
Total comprehensive expense for the financial year	-	-	(38,906)	(38,906)
Contributions by and distributions to owners				
Shares issued during the financial year	7	109	-	116
Total transactions with owners	7	109	-	116
At 31 December 2022	197	2,257	(54,045)	(51,591)

The notes on pages 27 to 57 form part of these financial statements.

BBI SOLUTIONS GROUP LIMITED
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Cash flows from operating activities		
Loss for the financial year/period	(80,494)	(33,653)
Adjustments for:		
Amortisation of intangible assets	40,089	16,480
Depreciation of tangible assets	3,061	1,258
Loss on disposal of tangible assets	436	-
Write down of fair value stock adjustment	1,684	6,383
Finance costs	73,622	23,473
Finance income	(15,601)	(3,297)
Taxation charge/(credit)	2,427	(1,508)
(Increase)/decrease in stocks	(2,160)	861
(Increase)/decrease in debtors	(4,926)	276
Decrease in creditors	(950)	(8,948)
Corporation tax paid	(684)	(522)
Net cash generated from operating activities	16,504	803
Cash flows from investing activities		
Purchase of intangible assets	(28)	(12)
Purchase of tangible assets	(3,555)	(1,539)
Acquisition of subsidiaries	-	(202,739)
Net cash used in investing activities	(3,583)	(204,290)
Cash flows from financing activities		
Issue of ordinary shares	117	2,338
New preference shares	386	306,236
New bank debt	(1,222)	133,117
Repayment of bank loans and debt fees	-	(226,061)
Finance leases repaid	-	(304)
Interest paid	(11,982)	(452)
Net cash (used in)/ from financing activities	(12,701)	214,874

BBI SOLUTIONS GROUP LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £000	2021 £000
Net increase in cash and cash equivalents	220	11,387
Cash and cash equivalents at beginning of financial year/period	11,323	-
Foreign exchange losses	(423)	(64)
Cash and cash equivalents at the end of financial year/period	11,120	11,323
Cash and cash equivalents at the end of financial year/period comprise:		
Cash at bank and in hand	11,120	11,323

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General Information

BBI Solutions Group Limited (the "Company") and its subsidiaries (together the "Group") together operate as BBI Solutions, which is a leading expert in immunoassay development for the global diagnostic market, with an extensive portfolio of products and technologies.

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA.

2. Statement of compliance

The individual financial statements of BBI Solutions Group Limited and the consolidated financial statements of BBI Solutions Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 4).

The Company has taken the exemption available to it from presenting its own cash flow statement under FRS102 p.1.12(b), and from disclosing the total compensation of key management under FRS102 p.33.7.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied consistently throughout the year:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Accounting policies (continued)

3.2 Consolidation policy

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

3.3 Going concern

The Group has net liabilities of £115.6m (2021: £32.0m) and the Company has net liabilities of £51.6m (2021: £12.8m). The Group and the Company are financed through bank and shareholder debt and the Group is profitable at an EBITDA level and cash generative from its operating activities.

The Group's bank borrowing facilities comprise of a £130m Unitranche multicurrency facility, a £30m Acquisition/Capex facility and £10m Super Senior Revolving facility. The facilities are secured against specified assets within the Group and are committed until 2028.

The Group's forecasts show that it is expected to be profitable at an EBITDA level and cash generative from its operating activities for the foreseeable future and that the Group and Company has the ability to remain within its committed lending facilities. The projections have also been assessed against what is considered to be a reasonable downside risk scenario and the adjusted projection continues to show that the Group and Company would remain within its committed lending facilities and financial covenants. Therefore, the directors have prepared the financial statements on a going concern basis.

3.4 Related party transactions

The Company has taken advantage of the exemption, under FRS 102 paragraph 33.2, from disclosing transactions with members of the same Group that are wholly owned.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Accounting policies (continued)

3.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income' or 'finance costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'administrative expenses'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Accounting policies (continued)

3.6 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

3.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, of up to 10 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3.8 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Accounting policies (continued)

3.9 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life of 10 years.

Development costs

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Company are recognised as intangible assets and amortised in equal instalments over a period of up to 10 years (from commercialisation) which is the estimated useful economic life when the following criteria are met:

- it is technically feasible to complete the development so that the product will be available for use;
- management intends to complete the development and use or sell the product;
- there is an ability to use or sell the product;
- it can be demonstrated how the product development will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Development costs that do not meet all these criteria are seen simply as an expense. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Software

Software is measured at cost and amortised in equal instalments over a period of three years which is the estimated useful economic life.

Patents

Patents are included at cost and amortised in equal instalments over a period of 10 years which is the estimated useful economic life.

3.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Accounting policies (continued)

3.11 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase cost of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Repairs and maintenance costs are expensed as incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Land and buildings	- 2% - 4% straight line
Plant and machinery	- 10% - 33% straight line
Other equipment	- 10% - 33% straight line
Assets in the course of construction	- Not depreciated

The assets residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Consolidated Statement of Comprehensive Income.

3.12 Impairment of non-financial assets

At each Balance Sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pretax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Consolidated Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Accounting policies (continued)

3.13 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

3.14 Operating leases

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

3.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis and includes transport and handling costs; in the case of manufactured products the cost of work in progress and finished goods includes all direct expenditure and production overheads based upon normal levels of activity.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss and is recognised as a credit in the Consolidated Statement of Comprehensive Income.

3.16 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

3.18 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Accounting policies (continued)

3.19 Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 Consolidated Statement of Comprehensive 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 Consolidated Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, 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 receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. The costs are deducted from the liability recognised and will therefore be included in the calculation of amortised cost using the effective interest rate method. They will consequently be recognised in the Consolidated Statement of Comprehensive Income over the life of the debt instrument.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Accounting policies (continued)

3.19 Financial Instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and 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.

3.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Current or deferred taxation assets and liabilities are not discounted.

3.21 Exceptional Items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

3.22 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.23 Finance Income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Accounting policies (continued)

3.24 Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

(iii) Annual bonus plan

The Group operates a discretionary bonus plan for employees. An expense is recognised in the Consolidated Statement of Comprehensive Income when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Stock provisioning

The Group is involved in the sale, marketing and distribution of reagents, lateral flow test and diagnostic services and these products are subject to changes in demand and defined shelf lives. As a result it is necessary to consider the recoverability of the cost of stocks and the associated provisioning required. When calculating the stock provision, the nature and condition of the stock is considered, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 17 for the net carrying amount of the stocks and associated provision.

(ii) Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience are considered. See note 18 for the net carrying amount of the debtors and associated impairment provision.

(iii) Impairment of intangible assets and goodwill

The Group makes an estimate of the recoverable value of intangible assets and goodwill, where indicators of an impairment arise. When assessing the recoverable value, estimated future cash flows are discounted at an appropriate rate. There was no impairment charge in the year (2021: £Nil).

(iv) Carrying value of investments

Determining the carrying value of investments requires an assessment of the future financial performance of the subsidiaries. The carrying value of investments in the Company is £309,054k (2021: £308,573k). No provision was required in 2022 (2021: £Nil).

BBI SOLUTIONS GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****5. Turnover**

An analysis of turnover by class of business is as follows:

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Sale of goods	72,110	27,172
Render of services	4,881	1,702
	<u>76,991</u>	<u>28,874</u>

Analysis of turnover by country of destination:

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Asia	12,804	4,109
Europe	24,921	8,417
North America	26,220	10,325
UK	12,743	5,517
Rest of the World	303	506
	<u>76,991</u>	<u>28,874</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Exceptional administrative expenses

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Unwind of stock for fair value adjustment	1,684	6,383
Professional fees	559	134
Restructuring costs	534	563
Covid-19 costs	73	251
Acquisition integration costs	810	199
Property related costs	6	40
Recombinant Centre of Excellence	23	-
Discontinued products	448	-
Government grant income	(51)	-
Settlement agreement	(194)	-
Other	-	71
	3,892	7,641

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Exceptional administrative expenses (continued)

The unwind of stock fair value adjustment results from the acquisition accounting for BBI Group Holding Limited, BioTez Berlin-Buch GmbH and Steffens Biotechnische Analysen GmbH which occurred in 2021.

Acquisition integration costs relate to a number of one-off and non-recurring professional, legal and labour costs associated with integrating Bio-Tez Berlin-Buch GmbH and Steffens Biotechnische Analysen GmbH into the Group.

Restructuring costs represent recruitment and labour costs associated with continued restructuring of the business following its acquisition by Novo Holdings A/S in 2021.

Professional fees represent consultancy, legal and tax fees in support of specific, non-recurring activities during the year.

Discontinued products consists of the write-off or provision of specific finished products, which are no longer produced.

COVID-19 costs relate to continuing costs associated with the RTC support to produce antibody tests for the UK Government in 2020, which were non-productive.

Recombinant Centre of Excellence costs consists of labour start up costs for staff working on a new product type being launched by BBI Solutions.

Property related costs relates to expenses incurred on unused leasehold properties.

Government grant income was a non-recurring grant provided to BBI Biotechnology (Shanghai) Co Ltd by the Chinese government.

The settlement agreement relates to income from a supplier to terminate an agreement to manufacture a new piece of equipment for BBI Solutions.

Other costs in 2021 represented a mix of property related costs, other project support costs and other non-recurring costs across smaller categories.

7. Operating loss

The operating loss is stated after charging/(crediting):

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Depreciation of tangible assets	3,061	1,258
Amortisation of intangible assets, including goodwill	40,089	16,480
Other operating lease rentals	741	286
Research and development charge as an expense	2,070	1,035
Exchange difference	(854)	(178)
Exceptional administrative expenses	3,892	7,641

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Auditors' remuneration

	2022	2021
	£000	£000
Fees payable to the Group's auditors for the audit of the Group's financial statements	<u>35</u>	<u>62</u>

Fees payable to the Group's auditors in respect of:

The auditing of the Company's subsidiaries	184	171
Tax compliance services	121	138
All other services	249	90
	<u>554</u>	<u>399</u>

9. Employees

Staff costs were as follows:

	Group	Group
	2022	2021
	£000	£000
Wages and salaries	21,496	8,164
Social security costs	2,305	838
Other pension costs	915	300
	<u>24,716</u>	<u>9,302</u>

The average monthly number of employees, including the directors, employed by the Group during the year was as follows:

	Year	Period
	ended	ended
	31	31
	December	December
	2022	2021
	Number	Number
Sales and marketing	46	40
Research and development	52	60
Production	321	294
Administration	60	52
	<u>479</u>	<u>446</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Employees (continued)

The Company had no employees during 2022 (2021: none).

10. Directors' remuneration

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Aggregate directors' remuneration	798	286

The highest paid director received remuneration of £341k (5 months ended 31 December 2021: £139k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (5 months ended 31 December 2021: £Nil).

None are accruing retirement benefits in respect of defined benefit pension schemes.

The directors of the Company hold employment contracts with other Group companies.

Key management personnel

Key management includes the directors and members of senior management. The compensation paid of payable to key management personnel (excluding the directors shown above) for employee services during the year was £962k (5 months ended 31 December 2021: £293k).

11. Finance income

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Bank interest	11	4
Exchange gains on loans	15,445	3,281
Exchange gains on other finance activities	145	12
	<u>15,601</u>	<u>3,297</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Finance costs

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Bank interest payable	10,747	3,381
Finance lease interest	-	2
Interest payable on preference shares	38,568	15,001
Amortisation of debt fees	1,269	488
Exchange losses on loans	23,038	4,601
	<u>73,622</u>	<u>23,473</u>

13. Tax on loss

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Corporation tax		
Current tax on loss for the financial year/period	2,626	191
Adjustments in respect of previous periods	(409)	-
Foreign tax relief	(92)	4
Total current tax	<u>2,125</u>	<u>195</u>
Deferred tax		
Origination and reversal of timing differences	(356)	(1,193)
Changes in tax rates or laws	42	(510)
Adjustments in respect of prior years	616	-
Total deferred tax	<u>302</u>	<u>(1,703)</u>
Total tax	<u>2,427</u>	<u>(1,508)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**
13. Tax on loss (continued)**Factors affecting tax charge/(credit) for the year/period**

The tax assessed for the year/period is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	Year ended 31 December 2022 £000	Period ended 31 December 2021 £000
Loss before taxation	<u>(78,067)</u>	<u>(35,161)</u>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00%	(14,833)	(6,681)
Effects of:		
Expenses not deductible	18,038	4,294
Foreign tax relief	(92)	4
Change in tax rates	42	(510)
Deferred tax not provided	354	1,385
Adjustments in respect of prior years	207	-
Income not taxable	(1,289)	-
Total tax charge/(credit) for the financial year/period	<u>2,427</u>	<u>(1,508)</u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023. Deferred taxes at the Balance Sheet date have been calculated based on the corporation tax rate of 25% that is enacted at the reporting date.

The Group has unrecognised deferred tax asset of £2,413k (2021: £2,491k).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Intangible assets

Group

	Capitalised development £000	Software and licences £000	Patents £000	Goodwill £000	Total £000
Cost					
At 1 January 2022	315	1,694	306	394,973	397,288
Additions	-	-	28	-	28
On business combination	-	-	-	37	37
Foreign exchange movement	-	27	-	525	552
At 31 December 2022	315	1,721	334	395,535	397,905
Accumulated amortisation					
At 1 January 2022	28	390	8	16,054	16,480
Charge for the year	57	447	68	39,517	40,089
Foreign exchange movement	-	3	-	36	39
At 31 December 2022	85	840	76	55,607	56,608
Net book value					
At 31 December 2022	230	881	258	339,928	341,297
At 31 December 2021	287	1,304	298	378,919	380,808

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Tangible assets

Group

	Land and buildings £000	Plant and machinery £000	Other equipment £000	Assets in the course of construction £000	Total £000
Cost					
At 1 January 2022	10,439	8,297	1,122	11	19,869
Additions	21	732	40	2,836	3,629
Disposals	-	(3)	-	(436)	(439)
Reclassifications	285	(885)	(250)	850	-
Foreign exchange movement	41	299	2	6	348
At 31 December 2022	<u>10,786</u>	<u>8,440</u>	<u>914</u>	<u>3,267</u>	<u>23,407</u>
Accumulated depreciation					
At 1 January 2022	33	1,064	148	-	1,245
Charge for the year	961	1,729	371	-	3,061
Disposals	-	(3)	-	-	(3)
Foreign exchange movement	-	20	1	-	21
At 31 December 2022	<u>994</u>	<u>2,810</u>	<u>520</u>	<u>-</u>	<u>4,324</u>
Net book value					
At 31 December 2022	<u>9,792</u>	<u>5,630</u>	<u>394</u>	<u>3,267</u>	<u>19,083</u>
At 31 December 2021	<u>10,406</u>	<u>7,233</u>	<u>974</u>	<u>11</u>	<u>18,624</u>

BBI SOLUTIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

16. Investments

Group

**Trade
Investments
£000**

Cost and Net book value

At 1 January 2022 and 31 December 2022

143

Company

**Investments
in
subsidiary
companies
£000**

Cost and Net book value

At 1 January 2022

308,573

Additions

481

At 31 December 2022

309,054

During the year the Company subscribed for an additional 38,500 ordinary shares in Baduhenna Holdco Limited at a cost of £12.50 per share.

BBI SOLUTIONS GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****16. Investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Vector Bidco Limited**	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Holding company	Ordinary	100%
BBi Group Holding Limited**	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Holding company	Ordinary	100%
Eagle SPV 2 Limited**	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Holding company	Ordinary	100%
Eagle SPV 3 Limited**	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Holding company	Ordinary	100%
BBi Acquisition Limited	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Holding company	Ordinary	100%
BBi Diagnostics Group Limited	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Holding company	Ordinary	100%
BBi Detection Limited	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Manufacture of antibodies	Ordinary	100%
BBi Resources Limited	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Business services	Ordinary	100%
BBi Solutions OEM Limited	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Manufacture and development of reagents and diagnostics tests	Ordinary	100%
BBi Detection LLC	1037R Forest Ave., Portland, Maine 04103	Dormant	Ordinary	100%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
BBI Solutions LLC	1037R Forest Ave., Portland, Maine 04103	Distribution of reagents	Ordinary	100%
BBI Group Holdco Limited**	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Holding company	Ordinary	100%
BBI Enzymes (USA) Limited	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Distribution of reagents	Ordinary	100%
BBI Enzymes SA (Pty) Limited	19 Packer Avenue, Goodwood, Western Cape, 7460, South Africa	Manufacture and development of reagents	Ordinary	100%
Vision Biotech Proprietary Limited	Unit 7, 7 Inyoni Road, Ndabeni, Cape Town, 7405, South Africa	Manufacture and research of rapid membrane basal assays	Ordinary	100%
Novarum DX Limited	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Mobile reader solutions	Ordinary	100%
BBI US Holding LLC	The Corporation Trust Center, 1209 North Orange Street, Wilmington, New Castle County, Delaware, 19801	Holding company	Ordinary	100%
BBI US Group LLC	The Corporation Trust Center, 1209 North Orange Street, Wilmington, New Castle County, Delaware, 19801	Holding company	Ordinary	100%
Maine Biotechnology Services Inc	1037R Forest Ave., Portland, Maine 04103	Manufacturer of antibodies	Ordinary	100%
BBI Biotechnology (Shanghai) Co Ltd	Room 402, Building 2, No 690, Sibo Road, Shanghai, 201023, China	Distribution of reagents	Ordinary	100%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
BBI Solutions GmbH	Botzinger Str. 29 B, 79111, Freiburg im Breisgau, Germany	Holding company	Ordinary	100%
Diarect GmbH	Botzinger Str. 29 B, 79111, Freiburg im Breisgau, Germany	Manufacturer of antigens	Ordinary	100%
BBI USD Limited	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Holding company	Ordinary	100%
BBI GBP Limited	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Holding company	Ordinary	100%
Baduhenna Bidco Limited	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Holding company	Ordinary	100%
Baduhenna Holdco Limited*	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA	Holding company	Ordinary	100%
BioTeZ Berlin-Buch GmbH	Robert-Rossle-Strasse 10, 13125 Berlin, Germany	Manufacturer of reagents	Ordinary	100%
Steffens Biotechnische Analysen GmbH	Gewerbestrasse 7, 79285 Ebringen, Germany	In-vitro diagnostics	Ordinary	100%

*Direct subsidiary undertaking

**Dissolved on 17 January 2023

BBI SOLUTIONS GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****17. Stocks**

	Group 2022 £000	Group 2021 £000
Raw materials and consumables	5,233	4,596
Work in progress	3,288	2,531
Finished goods and goods for resale	5,741	6,362
	14,262	13,489

The difference between purchase price or production cost of stocks and their replacement cost is not material.

18. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Trade debtors	16,519	11,801	-	-
Other debtors	347	362	23	-
Tax recoverable	-	955	-	-
Deferred taxation	118	75	-	-
Prepayments and accrued income	1,619	1,420	-	114
	18,603	14,613	23	114

Trade debtors are stated after provisions for impairment of £2,239k (2021: £2,181k).

19. Cash at bank and in hand

	Group 2022 £000	Group 2021 £000
Cash at bank and in hand	11,120	11,323

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Creditors: amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank loans and overdrafts	1,805	3,061	-	-
Trade creditors	2,852	2,496	2	-
Amounts owed to group undertakings	-	-	474	231
Corporation tax	441	-	-	-
Other taxation and social security	972	647	-	-
Accruals and deferred income	6,138	9,441	-	20
	12,208	15,645	476	251

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

21. Creditors: amounts falling due after more than one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank loans and overdrafts	147,127	133,868	-	-
Preference shares	360,192	321,237	360,192	321,237
	507,319	455,105	360,192	321,237

The Group has external loan term loan facilities. The external loans are secured against the assets of BBI Solutions OEM Limited, BBI Enzymes SA (Pty) Limited, Maine Biotechnology Services Inc, Diarect GmbH and BBI Enzymes (USA) Limited. The aggregate value of the assets secured is £55.5m (2021: £48.9m).

The loans charge interest at a floating rate with a margin of up to 6.5%, in addition to various base lending rates.

Term loans are due for repayment by August 2028.

External loans of £155.8m (2021: £141.9m) are due after 5 years. The loans are disclosed net of capitalised debt fees of £6.8m (2021: £8.0m).

During the year additional preference shares of £386k (2021: £306.2m) were issued. £38.6m (note 12) (5 months ended 31 December 2021: £15.0m) of interest was accrued on the preference shares in the year to 31 December 2022. Each preference share accrues a fixed cumulative preferential dividend at an annual rate of 12% of a sum equal to the entire nominal and premium amounts paid up on such Preference share compounded annually on 31 December and accrues daily.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**
22. Loans

The maturity analysis of bank loans and overdrafts is as follows:

	Group 2022 £000	Group 2021 £000
Amounts falling due after 5 years		
Bank loans and overdrafts	147,127	133,868

23. Financial Instruments

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	16,866	12,163	23	-
Financial liabilities				
Financial liabilities measured at amortised cost	(511,976)	(460,662)	(360,668)	(321,468)

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, amounts owed to group undertakings, preference shares, interest payable on bank loans and accruals.

24. Analysis of net debt

	At 1 January 2022 £000	Cash flows £000	Other non- cash items £000	At 31 December 2022 £000
Cash at bank and in hand	11,323	(203)	-	11,120
Debt	(455,105)	386	(52,600)	(507,319)
	(443,782)	183	(52,600)	(496,199)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

25. Deferred taxation

Group

	2022 £000
At beginning of year	(169)
Charged to profit or loss	(302)
At end of year	(471)

The deferred tax balance is made up as follows:

	Group 2022 £000	Group 2021 £000
Fixed asset timing differences	(589)	62
Other timing differences	105	(244)
Tax losses carried forward	13	13
	(471)	(169)
Comprising:		
Asset - due within one year	118	75
Liability	(589)	(244)
	(471)	(169)

The Company had no deferred tax assets or liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

26. Called up share capital

	2022	2021
	£000	£000
Allotted, called up and fully paid		
36,930 (2021: 29,600) Ordinary A shares of £1 (2021: £1) each	37	30
160,202 (2021: 160,000) Ordinary B shares of £1 (2021: £1) each	160	160
1 (2021: 1) Deferred share of £1 (2021: £1)	-	-
	197	190

During the year 7,300 A Ordinary shares and 202 B ordinary shares were issued by the Company.

Voting

The A Ordinary shares have no voting rights attached to them. They have dividend and capital distribution rights attached to them, as set out in the Articles of the Company. The holders of A Ordinary shares shall not, in respect of the A Ordinary shares held by them, be entitled to receive notice of, attend and speak at, general meetings of the Company and to receive copies of all resolutions proposed as written resolutions and shall not be entitled to vote at such meetings and shall not constitute an eligible member in relation to any such proposed written resolution;

The B Ordinary shares have voting rights attached to them. They also have dividend and capital distribution rights attached to them, as set out in the Articles of the Company. The holders of B Ordinary shares shall, in respect of the B Ordinary Shares held by them, be entitled to receive notice of, attend, speak at and vote at, general meetings of the Company and on a show of hands each such holder shall have one vote and on a poll or written resolution each such holder shall have one vote for each B Ordinary share held by them;

The Deferred share does not entitle its holder to receive any dividend or other distribution rights or to participate in the profits of the Company. The holder of the Deferred share shall not, in respect of the Deferred share held by them, be entitled to receive any notice of, nor attend, speak at or vote at, general meetings of the Company nor receive a copy of any proposed written resolution; and

The holders of Preference Shares shall, in respect of the Preference Shares held by them, be entitled to receive notice of, attend and speak at, general meetings of the Company and to receive copies of all resolutions proposed as written resolutions but shall not be entitled to vote at such meetings and shall not constitute an eligible member in relation to any such proposed written resolutions.

27. Reserves

Share premium account

The share premium account represents consideration received in respect of the issuance of share capital in excess of the nominal value of that share capital, less any costs directly incurred in connection with the issue.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Group and Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

28. Contingent liabilities

The Group has a guarantee of £Nil (2021: £242k) in favour of HM Revenue and Customs for duty deferment bonds.

29. Capital commitments

As at 31 December 2022 the Group had capital commitments of £973k (2021: £1,003k).

30. Pension commitments

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £915k (5 months ended 31 December 2021: £300k). The outstanding pension contributions as at 31 December 2022 was £115k (2021: £93k).

31. Commitments under operating leases

At 31 December the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £000	Group 2021 £000
Not later than 1 year	678	701
Later than 1 year and not later than 5 years	1,576	1,845
Later than 5 years	13	38
	<u>2,267</u>	<u>2,584</u>

32. Other financial commitments

The Group has entered into an Intercreditor Agreement in respect of loan balances owed by Baduhenna BidCo Limited. At the year end an amount of £155.8m (2021: £141.9m) (net of interest) was owed by the Group in respect of these loans, offset by capitalised loan fees of £6.8m (2021: £8.0m).

33. Related party transactions

During the year the Group sold goods worth £1,209 (2021: £3,721) to Novo Nordisk A/S a fellow group company. At the year end an amount of £2,476 (2021: £5,183) was owed by Novo Nordisk A/S.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

34. Ultimate parent undertaking and controlling party

The immediate parent company is Baduhenna Holdco Limited which is incorporated in England and Wales.

Baduhenna Holdco Limited is ultimately owned and controlled by BBI Solutions Group Limited, a company incorporated in England and Wales.

BBI Solutions Group Limited is controlled by Novo Holdings A/S. Novo Holdings A/S is ultimately owned by Novo Nordisk Foundation which is the ultimate parent and controlling company of BBI Solutions Group Limited.

BBI Solutions Group Limited is the smallest company in the Group which prepares consolidated financial statements. Copies of the consolidated financial statements can be obtained from the Company Secretary at C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA.

Novo Nordisk Foundation is the largest company in the Group which prepares consolidated financial statements. Copies of the consolidated financial statements of Novo Nordisk Foundation can be obtained at Novo Nordisk Foundation, Tuborg Havnevej 19, DK-2900 Hellerup, Municipality of Gentofte, Denmark.

35. Post balance sheet events

On 12 April 2023 the Company announced proposals to integrate its facility in Sittingbourne, Kent with its main manufacturing headquarters at Crumlin, South Wales. The process is subject to consultation with the 45 people employed at the Sittingbourne site.

The plans aim to deliver a number of significant benefits for BBI, its customers and suppliers. These include:

- The opportunity for BBI to centralise our facilities to make use of the laboratories being designed to house our "centre of excellence" state of the art recombinant protein manufacturing facility;
- Common processes and centralised support functions; and
- An envisaged well-controlled staged transfer of manufacturing operations. Our aim is to build stocks at our current site in Sittingbourne to enable a smooth transition with the objective of minimising impact to our customers and suppliers.