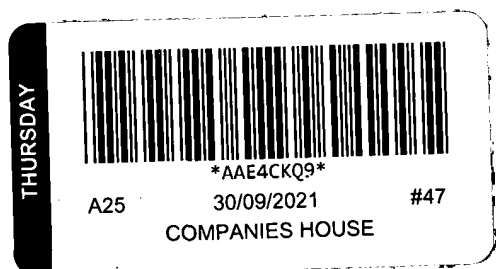


## **Bio Products Laboratory Holdings Limited**

Consolidated financial statements

For the year ended 31 December 2020

Company Registration Number 04564631



# **Bio Products Laboratory Holdings Limited**

## **For the year ended 31 December 2020**

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# **Bio Products Laboratory Holdings Limited**

**For the year ended 31 December 2020**

## **Officers and Professional Advisors**

Company registration number	04564631
Registered office	Dagger Lane Elstree Hertfordshire United Kingdom WD6 3BX
Directors	X Gao M Mensa X Wu
Secretary	E Selig
Independent Auditor	KPMG LLP 58 Clarendon Road Watford Hertfordshire WD17 1DE

# Bio Products Laboratory Holdings Limited

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for Bio Products Laboratory Holdings Limited (Asse), a UK domiciled company and its subsidiary companies, Bio Products Laboratory Limited (BPLT), BPL Plasma Inc. (BPLP) and BPL Properties, LLC for the year ended 31 December 2020 together being "the Group".

Naga UK Topco Limited (Topco), a UK private limited company, is the holding company of Naga UK Bidco Limited, Bio Products Laboratory Holdings Limited (BPLH), Bio Products Laboratory Limited (BPLT) and BPL Plasma Inc. (BPLP) together being "the Group".

The principal activity of the group is plasma collection, fractionation and the sale of plasma derived therapeutic proteins and related products.

BPLP operates plasma collection centres in the United States, whereas BPLT manufactures plasma therapeutic proteins at its production plant in the United Kingdom. BPLP sells plasma to BPLT and third party fractionators. BPLT sells a wide range of plasma derived products which include Immunoglobulins, Albumin and Coagulation Factors under brand names such as Gammaplex, Subgam, Dgam, Zenalb, Optivate, 8Y, Replenine, and Coagadex. BPL Properties, LLC is a United States real estate company.

### Review of the business and future developments

2020 was another successful year for the Group, demonstrating sustained year-on-year growth and operating improvements in the business as it continues its positive forward momentum already evident in last year's results. The business is on track to meet its strategic and financial objectives even with the advent of the COVID-19 pandemic, which has had an important impact on the consolidated business reports, in both its BPLT and BPLP, classified as Discontinued Operations.

The Group's consolidated profit was nearly £7m in 2020 (£17m profit in 2019), including £8m profit from Continuing Operations. The Group results represents a £10m year-on-year decline, of which management estimates £51m was driven by direct and indirect impacts related to the effects of the COVID-19 pandemic across the entire business.

The 2020 Continuing Operations business performance of the Group, largely centered on BPLT, showed a strong recovery with sales growth year-on-year of 22% to £328m (£270m in 2019) led by favourable trends on US IVIG and Factor X deficiency product sales, while gross margins declined nearly 2.6 percentage points from the prior year driven by the effect of higher costs of plasma and waste offset by the favourable impact from higher sales levels, improved pricing and improvements in product yields. Rigorous inspection and testing of the air filters continued in 2020 to ensure full compliance to our quality standards and no major quality events were recorded in the year. The continuing operations generated £21m operating profit before exceptional items, or 6.4% of Sales, representing a £7m profit increase from £14m in 2019. BPLT recorded £12m of exceptional cost items, all of which are related to the effects of COVID-19 pandemic, down from the £5m in the prior year (unrelated to COVID-19). Including these exceptional items, continuing operations profit was £9m, down 36% from 2019.

As a consequence of a US National Security Agreement (NSA) agreed in April 2019 with the Committee on Foreign Investment in the United States (CFIUS), the Group agreed to divest its US plasma collection business within a set timeframe, which currently stands at the end of November 2021. The Group made partial progress to this goal by negotiating and closing an agreement to sell 25 of its 51 centers to Biomat USA Inc for a gross amount of \$370m. This asset sale successfully closed at the end of February 2021 (post balance sheet event), subsequently applying \$275m of the proceeds to partially pay down the \$400m term loan the Group still held with Scranton Plasma BV at the end of December 2020. The term on the remaining \$125m (ca. £98m) term loan amount has now been extended until end of January 2022. BPLH has now signed a new 2-year bank financing facility to replace this term loan when or before it comes due.

The Group and its parent are actively reviewing their strategic options to comply with the remaining CFIUS obligations. Consistent with prior years, BPLP continues to be classified under discontinued operations for the purposes of these financial statements. The Group's Therapeutics business is not part of the divestiture requirement.

The discontinued operations business performance of the Group in 2020 reported a net loss of nearly £1m compared to a net profit of nearly £6m in 2019, this £7m decline principally relates to two issues, a £20m decline as the business was heavily impacted by the effects of the COVID-19 pandemic from mid-March onwards. Collections dropped 33% year-on-year whilst cost per litre increased 21%, reflecting the loss of leverage on the fixed cost structure of the business. Collections were not only impacted by the physical impediments from the pandemic due to local lockdowns and shelter in-place orders, the closing of the US-Mexico border and temporary closing of centres due to staff infection response, but also by the general de incentivisation of donors to donate plasma given general safety concerns and

# Bio Products Laboratory Holdings Limited

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

### Review of the business and future developments (continued)

operations support functions (spending down 19%), but also at the centre level, to minimise the financial impact of the pandemic on its results. This £20m year-on-year COVID impact was partly offset by a favourable £13m on consolidation accounting adjustment for the derecognition of depreciation on assets held for sale in line with IFRS5 treatment for assets held for sale.

Despite the disruption caused by the COVID-19 pandemic, the Group continued to make significant strides in the implementation of its strategic plan and enabling investments.

### Key accomplishments against the high-level strategic objectives for the group included:

- Signed a new strategic partnership with a 3<sup>rd</sup> party US plasma collection company to develop 4 to 6 new centres, with exclusive rights of supply for BPL. This reinforces our supply outlook as the business continues to grow in the future.
- Completed the commercial launch of BPLT's Albuminex product in the U.S. and steadily continued to expand the commercial footprint for our Factor X orphan drug deficiency product (Coagadex), receiving reimbursement coverage for the product in key U.K. market.
- Put into commercial operation its B+1 wash production step (a £32m investment largely completed in prior years), which in turn resulted in improved IVIG yield levels which had a £16m positive effect for the year versus previous cost standards. Product yields continue to be a top priority for the business going forward as it looks to meet and then surpass industry benchmarks.
- Launched new Filling Line 4 project at the Elstree plant to support BPL's growth plans in specialised coagulation factors and hyperimmune products. The new filling line, which is planned to be operational in 2023, will incorporate all of the latest advances in sterile suite technology and will increase the company's productivity in this area.
- Filed registration for Albuminex product with China's Center for Drug Evaluation (CDE), with a target launch date of 2022, allowing BPLT to access the top Albumin market in the world.
- Significantly increase Research and Development (R&D) investment efforts, driving completion of late stage development, launching work on 3 new Board clinical programs and 2 early stage research projects.

### Key performance indicators

The directors believe that the key performance indicators ('KPIs') are as follows:

- Plasma collection decreased 33% to 1.4m litres in 2020, driven by the effects of the COVID-19 pandemic
- Plasma fractionation volume, performance at 1.2m plasma equivalent litres of utilized capacity in 2020, slightly up from 2019, with product supply of IVIG up ca.18% and Albumin up ca.24%, despite staffing challenges caused by the COVID-19 pandemic.
- BPLT product sales increased by £58m from £270m in 2019 to £328m in 2020, driven by strong demand growth for its IVIG and Factor X deficiency products in the key United States markets. BPLT's flagship Gammaplex product achieved an important milestone on achieving 3.9 million grams of sales in the year.
- BPLT cost of waste and poor quality trended negatively versus prior year, increasing to just over £10m for 2020, up 55% from an exceptionally good result in the prior year, as certain product batches failed BPL's stringent final inspection and release requirements. The BPLT management team sees this as a significant opportunity for taking determined steps to reduce the cost of waste while keeping the highest quality standards for our customers and patients.

### Company Risks

The management of the business is subject to a number of risks, including those related to: global geopolitical and world events; production; commercial; regulatory; customer claims; credit; currency; interest rate and cash flow. The mitigation of these risks has been outlined in the section below.

The Group has instituted a Risk Oversight and Compliance Committee (ROCC) to provide a policy and process framework and leadership forum in which to discuss such matters. Where needed, as is the case of the COVID-

# Bio Products Laboratory Holdings Limited

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

### Company Risks (continued)

19 pandemic, working groups at the business unit level have been established to manage and mitigate specific risk exposures.

#### Global geopolitical and world events risks

The Group operates at a global scale and its operations and supply chain are dependent on many factors that frequently are outside the company's immediate control. The disruption caused by the global COVID-19 pandemic and post-Brexit trading arrangement are two different examples of external events that the company is contending with at present and have forced the business to adapt its operations to the new circumstances.

#### Production risk

The production processes are continuously monitored by qualified staff with all production outcomes reviewed on a daily basis. To deliver improved production capabilities and ensure compliance to Good Manufacturing Practices (GMP) and BPLT's production and quality licenses, the Group is making important investments in upgrading production equipment, increasing the reliability of its operations, driving process improvements and enhancing staff training, both in BPLP and BPLT.

#### Commercial risk

The Group continues to improve its product offering in order to develop its market position. This is evidenced by investment in research and development on new products such as Coagadex, Gammaplex 10% and Albuminex for new markets. The company has made additional investments in the commercial teams to enable continued market penetration.

#### Regulatory risk

The Group is exposed to regulatory risk which is the failure to comply with applicable laws, rules and regulations that may result in regulatory sanctions. Due to the Group's global presence, the Group is also exposed to changes to regulations in or more countries that could adversely impact its commercial opportunities, increase cost or regulatory compliance.

The Group regularly reviews its risk management processes to ensure compliance with all relevant regulatory requirements. It has also enhanced the resourcing and tools of its quality teams in both BPLP and BPLT to operationally embed quality & compliance across of all elements of the value stream of the business.

#### Financial Risk Management

The Group's operations are exposed to a variety of financial risks that include the effects of changes in price, credit, currency, interest rate and cash flow. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

The directors have delegated the responsibility of monitoring financial risk management to a sub-committee of the Board—the audit committee. The policies set by the board of directors are implemented by the Group's finance department.

# Bio Products Laboratory Holdings Limited

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

### Company Risks (continued)

#### Customer claims

The Group is exposed to 3<sup>rd</sup>-party customer claims for performance liabilities and damages caused by its performance and quality compliance, historically the majority of which related to BPLP's legacy plasma sale agreements, but which have since been resolved through the sale of the 25 plasma centers to *Biomat USA Inc* in February 2021. The directors monitor this regularly and seek appropriate technical and legal guidance and support to minimize the impact to the company, both financially and reputationally.

#### Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is regularly reviewed by the senior management team.

#### Currency risk

Through the end of December 2020, the Group's financial results (stated in GBP) were exposed to currency risk mainly against long USD position as a result of its global operations. On January 1<sup>st</sup> 2021, the Group adopted the USD as its new Functional Currency in accordance with IAS 21.

As a result of this change in functional currency, the business now actively manages and hedges its short GBP exposure, making sure its GBP-traded customer receipts and payments are matched whenever possible and the use of forward currency contracts are placed to mitigate any balancing currency exposures. This position is kept under regular review by the directors. The Group also operates foreign currency bank accounts in order to offset foreign currency receipts and payments.

#### Interest rate and cash flow risk

At year-end 2020, the Group has interest-bearing debt liabilities of £293m with Scranton Plasma B.V. and £10.3m with its shareholder Tiancheng International Investment Limited. The Group also has interest-bearing assets in the form of cash balances which earn interest at a short-term variable rate. The directors regularly review the capital structure and cash flow forecasts to ensure cash resources are appropriate to the Group's operations.

BPLH has now signed a new 2-year bank financing facility to replace the remaining Scranton Plasma term loan when it comes due at the end of January 2022.

### **Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006**

The board of directors of BPL consisting of NAGA UK TopCo Limited and its subsidiaries NAGA UK BidCo Limited, Bio Products Laboratory Holdings Limited, BPL Plasma Inc. and Bio Products Laboratory Limited, (together "the Group") consider, both individually and together, that they have promoted the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) (a-f) of the Act) during the year ended 31 December 2020. This statement includes specific examples of how the directors have discharged their duties with respect to:

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

# Bio Products Laboratory Holdings Limited

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Statement by the directors in performance of their statutory duties in accordance with s172(1)  
Companies Act 2006 (continued)

### Future Plans

The Group completed a comprehensive review of its Long Range Plan (LRP), a plan that outlines the business plans and related investments designed to have a long-term beneficial impact on the company in its mission to deliver quality medicines to patients and provide shareholder returns with 5 to 10-year horizon.

The directors reviewed and approved the LRP and an operating plan for 2021. The medium and long-term strategic company goals outlined in these plans remain consistent with the prior year's plans and the strategic direction that the Group has been taking until now. Included in the LRP are ambitious goals for the development of new plasma-based products that support unmet patient needs, capacity growth plans at its Elstree manufacturing facility as well as securing an ample supply of US plasma from a variety of sources.

The eruption of the COVID-19 pandemic in 2020 and continued impact in 2021, and specifically its impact on the near-term supply of US plasma, have required an adjustment to the speed at which some of these strategic goals are executed.

The Board has approved the necessary investment and related funding plans to meet the strategic objectives set forth in the LRP and progress is being made against those objectives.

Finally, the directors have focused on ensuring that the Group continues to operate within strict budgetary controls and in accordance with our quality and regulatory standards. The directors receive and review on a monthly basis, detailed reports regarding the financial results, performance of the business versus key indicators such as yield, revenue and cost per litre, waste, and net sales. The directors believe that the Group is in a strong position, with cash reserves that were generated from the sale of 25 of its US plasma centres in February 2021, which coupled with strong market conditions, its skilled human capital base and the excellent reputation of its products will enable the Group to continue to grow successfully in the immediate future.

### Employees

The directors recognise that it is critical for the future success of the Group that it develop, retain and attract talent and provide stimulating and challenging career opportunities for teams to develop their skills within a considerate and supportive environment.

The directors have encouraged the creation of an open culture, with constructive and honest dialogue throughout the company and an open and accessible management structure that enables direct interaction between senior management and employees. This environment results in the ability to make quicker decisions relating to people development, working environments and attraction of talent, including running an internship scheme to support graduates by giving them opportunities to gain professional experiences across various fields, including engineering and technical research departments.

In addition, a regular employee satisfaction survey, pulsing team members on a variety of topics, has allowed management to assess go forward areas of focus, and the company has increased significantly both the depth and frequency of internal communications with employees and continue to assess further improvements in employment policies and practices. The Company is particularly proud that its BPL USA Inc. team, based in Durham, NC has received several accolades in 2020 from the prestigious *Triangle Business Journal*, winning the "Best Place to Work" for the year and ranking 4<sup>th</sup> on the "Fast 50" award. These recognitions are an inspiration for the entire Group to continue to provide its employees with a positive and rewarding professional environment in which to grow every day.

The Group has continued to progressively expand access to key employment benefits like health insurance across the employee groups and greater focus is being given to wellbeing initiatives (e.g. the UK's Cycle to Work incentive scheme) that allow for a comprehensive approach to work-life balance.

During the COVID-19 pandemic, particular attention has been given to the safety of employees and contractors and ensuring BPL is a safe and secure environment in which to work. Remote working has been mandated for segments of the employee population not directly involved in either plasma centre or Elstree production site operations. For those employees that have remained working at the Group's physical sites, safety measures and



# Bio Products Laboratory Holdings Limited

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

**Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)**

### **Employees (continued)**

precautions have been taken including compulsory use of Personal Protective Equipment (PPE) and face masks, social distancing and enhanced cleaning & disinfection measures. Employee vaccination is being strongly encouraged but not mandated as a condition of employment. The Group will continue to assess the guidance on employee vaccinations in the light of the guidance from governments in the countries in which it operates and amend its policy accordingly. The Group is presently considering a variety of hybrid working measures and policy changes as it continues to adjust to the new working conditions that have resulted from the pandemic. While short-term staffing challenges have been experienced at various locations during this period, the Group has avoided material impacts to its ability to conduct operations, adjusting its opening and production schedules as needed to prioritize the ongoing supply of critical medicines for customers and patients.

### **Business Relationships – Suppliers, Customers and other third parties**

The directors recognise that engagement with suppliers, customers and other third parties is a fundamental part of achieving strong and sustainable results. The directors have ensured that the management team shares its strategy and expectations with the company's key suppliers and customers and assigns key contacts to build close working relationships.

As a successful business, we need to be providing our customers with what they want now and in the future. We need to build strong relationships with our customers worldwide and seek feedback when applicable. The Board is routinely provided market and business updates by the management team and helps set the long-term, priorities of the team to improve its commercial positioning and competitiveness in its segments.

During the COVID-19 pandemic, engagement with suppliers, customers and other 3<sup>rd</sup>-party stakeholders has been actively maintained through virtual communication channels and technology. The Group's ability to promote its products and grow its business has not been diminished despite the challenges and is finding new productive ways to drive these engagements that will continue to be used, in combination with in-person meetings and events, well into the future.

### **Community and environment**

The Company has increased its focus on its environmental responsibilities and is setting medium to long-term targets to reduce waste and becoming more sustainable as a business. Please refer to the Streamlined Energy and Carbon Report (SECR) section within the directors' report of the parent company financial statements Naga TopCo UK Limited which consolidates the results of all the BPL group entities. The SECR report states a baseline of BPL's current UK based emissions levels.

In addition, the company is taking steps towards establishing a Corporate Social Responsibility (CSR) agenda. It has increased its community outreach efforts, in particular in around its Hertfordshire, UK headquarters location, where it is actively participating in local business and social events as a way to improve its engagement with its local community.

### **Maintaining a reputation for high standards of business conduct**

The directors have consistently reinforced a commitment to quality. Directors are focused on ensuring that systems, processes and controls relating to the plasma collection and production processes were operating effectively. This focus and drive towards a "Right First Time" (RFT) mentality and the implementation of "On Time, In Full" (OTIF) metrics, have continued to contribute not only to the strong financial performance of the company, but also to consistent and reliable delivery of medicines to patients. The Group aims to conduct all its employee and business relationships with integrity, inclusion, and courtesy as evidenced by the rollout of *Dignity at Work* training for employees. The Board also aims to create a culture of performance, responsibility towards our customers and patients, and teamwork.

# Bio Products Laboratory Holdings Limited

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Statement by the directors in performance of their statutory duties in accordance with s172(1)  
Companies Act 2006 (continued)

**Acting fairly as between the Company's owners**

Although the company has only a single shareholder, the directors have been mindful of the various entities that are indirect owners of the company. The directors sought to deliver sustainable growth and income over the long-term with an appropriate balance of risk and return in the context of the wider market. The directors recognise the clear responsibility to engage with the owners of the Group whose views are an important driver of our strategy. We hold regular board meetings with shareholder representation who can engage directly with directors. The shareholder representative provides direct feedback on strategic plans proposed by the directors, which is then factored into the final company strategy.

On behalf of the Board on 27 September 2021



X Gao  
Director

27 September 2021

# Bio Products Laboratory Holdings Limited

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited consolidated financial statements of the Group for the financial year ended 31 December 2020.

### **Future developments**

Future developments are deemed to be of strategic importance to the company and as such have been outlined within the strategic report.

### **UK's exit from the European Union**

The Group invested significant resources in preparation for the UK's exit from the European Union (commonly known as BREXIT), including through the end of the transition period which ended 31 January 2021, at which point the new UK-EU free trade agreement took effect. Throughout this entire period of transition towards the new status, BPL's mitigation actions have proven successful and has been able to maintain an uninterrupted supply chain for its products, both in terms of incoming critical supplies and services, as well as outgoing supply of its products for EU-based customers and patients. While the EU remains a valued market for the Group, the region, excluding the UK, represents less than 2% of Group revenue in 2020.

The Group is finalizing its work to ensure that the long-term supply of medicines to EU-based customers and patients will remain sustainable and efficient as it channels supply of UK-manufactured medicines through its EU-based and fully licensed pharma affiliate BPL Germany GmbH and leveraging capabilities of EU-based partners for services like final product testing and logistics.

### **Going concern**

#### *Basis of preparation*

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis, in accordance with The Companies Act 2006 as applicable to companies using IFRS.

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2020, the Directors are required to consider whether the BPL Group can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the trading position of the BPL Group in the context of the current worldwide Coronavirus pandemic, for the reasons set out below.

The Group consists of Bio Products Laboratory Holdings Limited and its subsidiaries BPL Plasma, Inc. (BPLP) and Bio Products Laboratory Limited, (together "the Group").

As at 31 December 2020, Bio Products Laboratory Holdings Limited ('the Company') had total assets less current liabilities of £343m and net assets of £343m. Bio Products Laboratory Holdings Limited ('the Group') had total assets less current liabilities of £122m and net assets of £120m. Liquidity as at that date was £61m, made up of cash and cash equivalents. The Group expects revenue and margin growth in 2021 from its BPL Therapeutics business driven by sale volume & price mix of its therapeutic products.

During 2020 BPLP (classified under discontinued operations) has experienced a 33% drop in US plasma collections driven by the effects of the COVID-19 pandemic on the overall US plasma collections industry. The impacts are strongly correlated to the timing of government-imposed lockdowns and shelter at home orders, the temporary closure of universities and higher education facilities as well as the closure of the US-Mexican border, the rollout of enhanced stimulus and financial aid for the unemployed. While there have been isolated cases where BPLP's collection centres had to be temporarily closed due to COVID-19 safety concerns, generally all of its 51 collection centres had continued to operate throughout the pandemic and remained open and operational.

# Bio Products Laboratory Holdings Limited

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

### Going concern (continued)

Plasma collections outlook for 2021 remains very challenging due to prolonged COVID-19 impact, in particular that of two successive rounds of US fiscal stimulus that largely benefits the lower- and middle-income segments of the population, which include most of the active plasma donors.

The sale at the end of February 2021 of 25 of its 51 US plasma centres to Biomat USA Inc a fully owned affiliate of *Grifols* S.A. for a pre-tax amount of \$370m significantly improved BPL's liquidity position and has allowed it to pay down a significant portion of its financial debt. The Group expects to have significantly lower levels of Net Debt by year-end 2021 and to benefit from a comfortable liquidity position by year-end.

It should be noted that the sale of these centres has not impacted materially the availability of plasma supply for use within the Group (by BPLT) as the collections from these centres roughly equated to the level of 3<sup>rd</sup>-party plasma sale commitments; and all of BPLP's obligations to provide normal source plasma to third parties were terminated as part of the sale. Additionally, as part of the overall agreement to sell the 25 plasma centres, BPL has purchased 647K litres from *Grifols* to mitigate the effects from lower collections as a result of the COVID-19 pandemic. Of this amount, 294K litres were already received by end of 2020 and the remaining 352K litres has now been received in 2021.

On the other hand, the sale has impacted the Cost Per Litre (CPL) levels as the fixed cost support structures of BPLP had to be right-sized for the new level of collections going forward. This has resulted in a restructuring effort which is expected to generate \$7m of savings per year, which at the time of this report is nearly complete.

The duration and impact of the Coronavirus outbreak remains uncertain. The Group remains vigilant and ready to adjust to any changing circumstances. Throughout this period, the Group's key priorities will continue to be the health and wellbeing of our employees and the supply of critical medicines to patients, while always maintaining the high product and quality standards that are essential to our mission.

Accordingly, the directors have reviewed the evolving situation relating to Coronavirus and have prepared base and sensitised cash flow forecasts for the period ending 31 December 2022 and assessed the ability of the Group and Company to meet its liabilities as they fall due in the 18-month period from the date of the approval of these financial statements.

In making this assessment the following factors were considered:

#### a) BPLP divestiture

In July 2019, BPLH reached an agreement to sell 100% of its ownership interests in BPL Plasma Inc. (BPLP) and all of its affiliates to Scranton Plasma BV for an undisclosed amount, while securing a long-term plasma supply agreement with the future owner so that BPLT can continue to operate at similar volume levels as it does today. Based on its interest in acquiring BPLP, Scranton Plasma BV provided financing to the BPLH business in the form of a term loan worth \$400m.

Following the completion of the anti-trust reviews and approval of Federal Trade Commission (FTC) in February 2021 to divest from the BPLP business, 25 of the 51 collection centres were sold as an asset transaction to Biomat USA Inc leaving 26 collection centres which are still in the Group. Total cash value of \$370m was paid for the sale of the 25 collection centres by Biomat USA Inc to the Group on 28 February 2021, this enabled the Group to immediately repay \$200m of the \$400m debt owing to Scranton Plasma BV and a repayment of \$50m in May 2021 with a further repayment of \$25m in June 2021. At the end of June 2021, the Group's remaining liability to Scranton Plasma BV was \$125m. The \$125m remaining liability to Scranton BV is due to be repaid on 31 January 2022.

The Directors are reviewing the Group's and its parent strategic options to comply with the remaining CFIUS obligations. Consistent with prior years, BPLP continues to be classified under discontinued operations for the purposes of these financial statements. The Group's US based Therapeutics business is unaffected and will continue to remain under the current ownership structure as is.

# Bio Products Laboratory Holdings Limited

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

### Going concern (continued)

#### *b) Re-financing of Scranton Term Loan*

Due to the need for regulatory approval, it is unlikely that the Group will be able to complete the sale of the remaining 26 collection centres by January 2022 and therefore the Group will not be able to settle the remaining \$125m debt with Scranton Plasma BV without external funding. BPLH has signed a 2-year refinancing agreement with a major UK bank for a \$100m 2-year term loan facility (extendable by 1 more year by mutual agreement). The proceeds of this new financing will be used to settle the current Scranton Plasma BV debt.

The Group management has performed a cashflow forecast to 31 December 2022 by taking into account the interest and amortisation payable on the term loan facility. The cashflow forecast provides headroom over the banking covenants to retain the facility over the period of the term loan. Management has good visibility to its forecasted inflows and is confident in being able to meet all of its trading liabilities and its loan interest and principal payments as they fall due as well as comply with all the covenants set forth within the terms of the new facility agreement.

#### *c) Current and projected cashflows and liquidity positions*

As of 31 July 2021, the Group has cash balances of \$147m available to the business along with financing debt being repayable to Scranton Plasma BV of \$125m.

The current cash flow forecasts indicate the Group's liquidity, while stable, will remain dependent on the funding of the new term loan facility of \$100m to enable the group to repay the remaining Scranton Plasma BV loan. The Group forecasts to exit the financial period ending 31 December 2022 with over \$75m of cash & cash equivalents. Further, cash flow forecasts indicate that the Group and the company will experience fluctuations in working capital that will be managed within its debt covenants and minimum liquidity levels throughout the year.

#### Balance of risk and uncertainties versus mitigation actions available to management

The going concern assessment is underpinned by the Group's and the Company's operating cash flow, profit and loss and balance sheet forecasts for the period ending 31 December 2022, which are based on the assumption that the business will be steadily recovering from the negative effects derived from the COVID-19 pandemic, mainly through an increase in US plasma collections back to historical levels albeit at significantly higher CPL levels than those experienced prior to the pandemic. The Company is confident that it will be able to offset these higher unit costs by executing pricing increases and/or improving its sales mix in its key product segments.

Should the assumptions in the base cashflow forecast not be achieved, the directors would implement reasonable mitigating actions, including the reduction of discretionary capex, cost reductions, working capital management and cashflow timing, elements of which are not wholly within their control. Sensitised cashflow forecasts, including offsetting impacts from reasonable mitigation actions have been appropriately considered.

#### Conclusion

Weighing all the relevant elements as laid out in this section, the Directors have a reasonable expectation that with the plans in place and associated cashflow forecasts, and the mitigating actions available to the Board of Directors and the Management Team, the Group and the Company will have sufficient liquidity to meet its commitments as and when the liabilities fall due for the next 1 months from the date of approval of these financial statements. On this basis, the financial statements have been prepared on the going concern basis.

### Dividends

The directors do not recommend the payment of a dividend (2019: £nil).

# Bio Products Laboratory Holdings Limited

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

### Financial Risk Management

An explanation of the Group's policies in relation to Financial Risk Management is contained in note 26 of the financial statements.

### Post balance sheet events

On January 1st, 2021, the Group adopted the USD as its new Functional Currency in accordance with IAS 21. The change in functional currency was due to the primary economic environment in which BPL operated in FY20 was USD and this is expected to continue in the future

On February 28th, 2021, following the completion of the necessary regulatory reviews, 25 of the 51 collection centres were sold as an asset transaction to Biomat USA Inc. leaving 26 collection centers which are still in the Group. Total cash value of \$370m was paid for the sale of the 25 collection centres by Biomat USA Inc. to the BPL Group on 28 February 2021, this enabled the BPL Group to immediately repay \$200m of the \$400m debt owing to Scranton Plasma BV and a repayment of \$50m in May 2021 with a further repayment of \$25m in June 2021. At the end of September 2021, the Group's remaining liability to Scranton Plasma BV was \$125m due for repayment on 31 January 2022.

In May 2021, BPLH signed together with Scranton Plasma BV an amendment to its existent Term Loan agreement for \$400m to be further extended the loan maturity date from the end of July 2021 to the end of January 2022.

Due to the need for regulatory approval, it is unlikely that the BPL Group will be able to complete the sale of the remaining 26 BPLP collection centres by end of January 2022 and therefore the BPL Group will not be able to settle the remaining \$125m debt with Scranton BV without external funding. In September 2021 the BPLH has signed a 2-year refinancing agreement with a major UK bank for a \$100m 2-year term loan facility (extendable by 1 more year by mutual agreement). The proceeds of this new financing will be used to settle the current Scranton Plasma BV debt at the maturity date, 31 January 2022.

### Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

X Gao  
M Mensa  
X Wu

### Third Party Indemnity Provision

Subject to the provisions of the Companies Act 2006 ('the Act'), the Articles provide for the Directors and Officers of the Company to be appropriately indemnified. In accordance with sections 232(b) and 234 of the Act the company has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) throughout the financial year and these remain in force at the date of this report.

### Employees

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. During the current financial year the Group's management has held regular virtual "town hall" meetings for all employees, has had regular meetings with the recognised trade union both informally and formally during meetings of the Joint Consultative Committee. Employee involvement in the company is encouraged, so that all employees are aware of the corporate aims and have a common awareness of the financial and economic factors affecting the group. The contribution of the Group's employees to the Group's performance is recognised and is financially rewarded by means bonus arrangements.

# Bio Products Laboratory Holdings Limited

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

### Disabled employees

Selection for employment, promotion, and training is on the basis of aptitude and ability. Where an employee has a disability, the Group will make reasonable adjustments to the workplace to support the employee in carrying out their duties. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# Bio Products Laboratory Holdings Limited

## DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

### Disclosure of information to Auditor

Each of the persons who are a director at the date of approval of this report confirms that:

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

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

On behalf of the Board on 27 September 2021



X Gao  
Director

27 September 2021

### Registered office address:

Dagger Lane  
Elstree  
Hertfordshire  
United Kingdom  
WD6 3BX



# Independent Auditor's Report to the Members of Bio Products Laboratory Holdings Limited

## Opinion

We have audited the financial statements of Bio Products Laboratory Holdings Limited ("the company") for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and related notes, including the accounting policies in note 4.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the UK-adopted international accounting standards
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006 and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

# Independent Auditor's Report to the Members of Bio Products Laboratory Holdings Limited

## **Fraud and breaches of laws and regulations – ability to detect**

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading management meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to unexpected revenue and cash combination accounts.
- Testing of cash to entire revenue.
- Testing a sample of pre and post year end revenue transactions to assess whether revenue had been recorded in the correct period.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

# Independent Auditor's Report to the Members of Bio Products Laboratory Holdings Limited

## **Fraud and breaches of laws and regulations – ability to detect (continued)**

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)*

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 13, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report to the Members of Bio Products Laboratory Holdings Limited


## **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Terri Coughlan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
*Chartered Accountants*  
58 Clarendon Road  
Watford  
Hertfordshire  
WD17 1DE  
27 September 2021

# Bio Products Laboratory Holdings Limited

## Consolidated Statement of Comprehensive Income

for the year ended 31 December 2020

		Trading business results 2020	Exceptional items 2020	TOTAL 2020	Trading business results 2019	Exceptional items 2019	TOTAL 2019
	Note	£'000	£'000	£'000	£'000	£'000	£'000
<b>Revenue</b>		<b>328,348</b>	<b>-</b>	<b>328,348</b>	<b>269,959</b>	<b>-</b>	<b>269,959</b>
<b>Cost of sales</b>	9	<b>(244,123)</b>	<b>(9,904)</b>	<b>(254,027)</b>	<b>(193,737)</b>	<b>-</b>	<b>(193,737)</b>
<b>Gross profit</b>		<b>84,225</b>	<b>(9,904)</b>	<b>74,321</b>	<b>76,222</b>	<b>-</b>	<b>76,232</b>
<b>Other operating income</b>	6	<b>1,840</b>	<b>-</b>	<b>1,840</b>	<b>280</b>	<b>-</b>	<b>280</b>
<b>Administrative expenses</b>	8,7,10	<b>(65,148)</b>	<b>(1,836)</b>	<b>(66,984)</b>	<b>(56,865)</b>	<b>-</b>	<b>(56,865)</b>
<b>Impairment losses</b>	13	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,406)</b>	<b>-</b>	<b>(5,406)</b>
<b>Operating profit</b>	5	<b>20,917</b>	<b>(11,740)</b>	<b>9,177</b>	<b>14,231</b>	<b>-</b>	<b>14,231</b>
<b>Finance income</b>	7	<b>12,073</b>	<b>-</b>	<b>12,073</b>	<b>13,631</b>	<b>-</b>	<b>13,631</b>
<b>Finance and other costs</b>	8	<b>(12,712)</b>	<b>-</b>	<b>(12,712)</b>	<b>(16,816)</b>	<b>-</b>	<b>(16,816)</b>
<b>Profit before tax</b>		<b>20,278</b>	<b>(11,740)</b>	<b>8,538</b>	<b>11,046</b>	<b>-</b>	<b>11,046</b>
<b>Income tax expense</b>	11	<b>(273)</b>	<b>-</b>	<b>(273)</b>	<b>(156)</b>	<b>-</b>	<b>(156)</b>
<b>Profit for the year from continuing operations</b>		<b>20,005</b>	<b>(11,740)</b>	<b>8,265</b>	<b>10,890</b>	<b>-</b>	<b>10,890</b>
<b>(Loss)/Profit for the year from discontinued operation, net of tax</b>	4	<b>(14,400)</b>	<b>13,570</b>	<b>(830)</b>	<b>6,253</b>	<b>-</b>	<b>6,253</b>
<b>(Loss)/Profit for the year</b>		<b>5,605</b>	<b>1,830</b>	<b>7,435</b>	<b>17,143</b>	<b>-</b>	<b>17,143</b>
<b>Other comprehensive income / (loss) Items that may be subsequently reclassified to profit or loss</b>							
Currency translation differences recognised in equity		2,984	-	2,984	(2,125)	-	(2,125)
<b>Total comprehensive (loss)/profit for the year attributable to the owners of the company</b>		<b>8,589</b>	<b>1,830</b>	<b>10,419</b>	<b>15,018</b>	<b>-</b>	<b>15,018</b>

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own statement of comprehensive income.

The notes on pages 26 to 57 form part of these financial statements.

# Bio Products Laboratory Holdings Limited

## Consolidated Statement of Financial Position

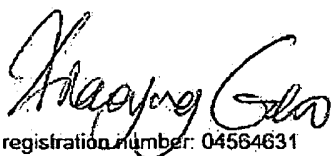
as at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	13	16,195	11,705
Property, plant and equipment	14	143,817	136,647
Amounts receivable from parent and related companies	18	6,751	-
<b>Total non-current assets</b>		<b>166,763</b>	<b>148,352</b>
<b>Current assets</b>			
Inventories	16	196,125	171,182
Trade and other receivables	17	33,521	48,352
Amounts receivable from parent and related companies	18	-	20,173
Cash and cash equivalents	21	60,731	27,975
Assets held for sale	22	163,553	208,958
<b>Total current assets</b>		<b>453,930</b>	<b>476,640</b>
<b>Total assets</b>		<b>620,693</b>	<b>624,992</b>
<b>Current liabilities</b>			
Trade and other payables	23	68,171	36,518
Amounts payable to a related party	24	49,191	62,841
Borrowings	25	293,062	303,375
Provisions	26	1,086	1,028
Liabilities directly associated with the assets held for sale	22	87,439	109,809
<b>Total current liabilities</b>		<b>498,949</b>	<b>513,571</b>
<b>Non-current liabilities</b>			
Long-term provisions	26	1,693	1,789
<b>Total non-current liabilities</b>		<b>1,693</b>	<b>1,789</b>
<b>Equity</b>			
Issued share capital	29	223,108	223,108
Share premium		3,082	3,082
Capital Redemption reserve		3,352	3,352
Accumulated losses		(109,491)	(119,910)
<b>Total equity</b>		<b>120,051</b>	<b>109,632</b>
<b>Total liabilities and equity</b>		<b>620,693</b>	<b>624,992</b>

The financial statements on pages 19 to 57 were approved by the Board of Directors and authorised for issue on 27 September 2021 and signed on its behalf by;

X Gao  
Director

Company registration number: 04564631



The notes on pages 26 to 58 form part of these financial statements.

# Bio Products Laboratory Holdings Limited

## Company Statement of Financial Position

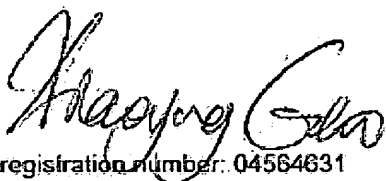
as at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	15	236,769	236,769
<b>Total non-current assets</b>		<b>236,769</b>	<b>236,769</b>
<b>Current assets</b>			
Trade and other receivables	17	10	10
Amounts receivable from parent company	18	1,142	1,106
Amounts receivable from related parties	18	468,358	336,446
Other financial assets	20	-	125,066
Cash and cash equivalents	21	2	2
<b>Total current assets</b>		<b>469,512</b>	<b>462,630</b>
<b>Total assets</b>		<b>706,281</b>	<b>699,399</b>
<b>Current liabilities</b>			
Trade and other payables	23	-	895
Amounts payable to a related party	24	70,492	68,273
Borrowings	25	293,062	303,375
<b>Total current liabilities</b>		<b>363,554</b>	<b>372,543</b>
<b>Equity</b>			
Issued share capital	29	223,108	223,108
Share premium		3,082	3,082
Retained earnings		116,537	100,666
<b>Total equity</b>		<b>342,727</b>	<b>326,856</b>
<b>Total liabilities and equity</b>		<b>706,281</b>	<b>699,399</b>

The financial statements on pages 19 to 57 were approved by the Board of Directors and authorised for issue on 27 September 2021 and signed on its behalf by;

X Gao  
Director

Company registration number: 04564631



The notes on pages 26 to 57 form part of these financial statements.

# Bio Products Laboratory Holdings Limited

## Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

### Group

	Issued share capital £'000	Share premium £'000	Capital redemption reserve £'000	Accumulated losses £'000	Total Equity £'000
<b>At 1 January 2020</b>	<b>223,108</b>	<b>3,082</b>	<b>3,352</b>	<b>(119,910)</b>	<b>109,632</b>
Other comprehensive income	-	-	-	2,984	2,984
Profit for the year	-	-	-	7,435	7,435
Total comprehensive profit	-	-	-	10,419	10,419
<b>At 31 December 2020</b>	<b>223,108</b>	<b>3,082</b>	<b>3,352</b>	<b>(109,491)</b>	<b>120,051</b>

	Issued share capital £'000	Share premium £'000	Capital redemption reserve £'000	Accumulated losses £'000	Total Equity £'000
<b>At 1 January 2019</b>	<b>223,108</b>	<b>3,082</b>	<b>3,352</b>	<b>(134,927)</b>	<b>94,615</b>
Other comprehensive income	-	-	-	(2,125)	(2,125)
Loss for the financial year	-	-	-	17,143	17,143
Total comprehensive loss	-	-	-	15,018	15,017
<b>At 31 December 2019</b>	<b>223,108</b>	<b>3,082</b>	<b>3,352</b>	<b>(119,910)</b>	<b>109,632</b>

The capital redemption reserve is a non-distributable equity reserve.

The notes on pages 26 to 57 form part of these financial statements.



# Bio Products Laboratory Holdings Limited

## Company Statement of Changes in Equity

for the year ended 31 December 2020

### Company

	Issued share capital £'000	Share premium £'000	Retained earnings £'000	Total Equity £'000
<b>At 1 January 2020</b>	<b>223,108</b>	<b>3,082</b>	<b>100,666</b>	<b>326,856</b>
Profit for the financial year	-	-	15,871	15,871
Total comprehensive income	-	-	15,871	15,871
<b>At 31 December 2020</b>	<b>223,108</b>	<b>3,082</b>	<b>116,537</b>	<b>342,727</b>

	Issued share capital £'000	Share premium £'000	Retained earnings £'000	Total Equity £'000
<b>At 1 January 2019</b>	<b>223,108</b>	<b>3,082</b>	<b>88,410</b>	<b>314,600</b>
Profit for the financial year	-	-	12,256	12,256
Total comprehensive income	-	-	12,256	12,256
<b>At 31 December 2019</b>	<b>223,108</b>	<b>3,082</b>	<b>100,666</b>	<b>326,856</b>

The notes on pages 26 to 57 form part of these financial statements.

# Bio Products Laboratory Holdings Limited

## Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 £'000	2019 £'000
<b>Operating activities</b>		
Profit for the year	7,435	17,143
Interest expense	16,001	19,875
Finance income	(12,106)	(13,779)
Depreciation and amortisation	10,928	22,339
Asset impairment	12,370	5,406
(Decrease) in provisions	(15,733)	(5,346)
Decrease/(Increase) in inventories	11,714	(58,616)
Decrease/(Increase) in trade and other receivables	22,150	(13,213)
Increase/(Decrease) in trade and other payables	33,449	(23,299)
Tax (credit)/charge	(1,232)	1,001
Cash inflows/(outflows) from operating activities	84,976	(48,489)
Income tax paid	(377)	(735)
Interest paid	(11,349)	(9,132)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>73,250</b>	<b>(58,356)</b>
<b>Investing activities</b>		
Payments to acquire intangible assets	(5,189)	(542)
Payments to acquire property, plant and equipment	(9,956)	(25,333)
Payments to acquire real estate	(11,390)	-
Interest received	136	1,045
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(26,399)</b>	<b>(24,830)</b>
<b>Cash inflow/(outflow) before financing</b>	<b>46,851</b>	<b>(83,186)</b>
<b>Financing activities</b>		
Intercompany financing	-	(210,728)
External funding – loan	-	313,535
Payment of lease liabilities	(5,848)	(5,246)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(5,848)</b>	<b>97,561</b>
<b>Net increase in cash and cash equivalents</b>	<b>41,003</b>	<b>14,375</b>
Cash and cash equivalents at beginning of year	27,975	14,985
Net foreign exchange difference	479	150
Less (decrease) in cash and cash equivalents of discontinued operations	(8,726)	(1,535)
<b>Cash and cash equivalents at end of year</b>	<b>60,731</b>	<b>27,975</b>

The notes on pages 26 to 57 form part of these financial statements.

# Bio Products Laboratory Holdings Limited

## Company Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £'000	2019 £'000
<b>Operating activities</b>		
Profit before tax	15,871	12,256
Interest expense	11,302	10,702
Finance income	(27,341)	(28,485)
Foreign exchange difference	1,014	4,364
(Decrease)/Increase in trade and other payables	(895)	895
Cash (outflows) from operating activities	(49)	(268)
Interest paid	(11,302)	(9,129)
<b>Net cash (outflow) from operating activities</b>	<b>(11,351)</b>	<b>(9,397)</b>
<b>Investing activities</b>		
Investment in subsidiary	-	(10,571)
<b>Net cash (outflow) from investing activities</b>	<b>-</b>	<b>(10,571)</b>
<b>Cash (outflow) before financing</b>	<b>(11,351)</b>	<b>(19,968)</b>
<b>Financing activities</b>		
Intercompany financing	11,351	(293,565)
External funding – loan	-	313,535
<b>Net cash inflow from financing activities</b>	<b>11,351</b>	<b>19,970</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>2</b>
Cash and cash equivalents at beginning of year	2	-
<b>Cash and cash equivalents at end of year</b>	<b>2</b>	<b>2</b>

The notes on pages 26 to 57 form part of these financial statements.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. General information

Bio Products Laboratory Holdings Limited ("the company") and its subsidiaries (together "the group") principal activity is to collect plasma, manufacture distribute and sell plasma therapeutic proteins in the United Kingdom and globally. The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is on the company information page.

The group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006 as applicable to companies using IFRS and EU adopted IFRS and interpretations issued by the IFRS Interpretations Committee. These policies have been consistently applied to all years presented, unless otherwise stated. The principal accounting policies adopted by the group are set out in note 3.

These financial statements are prepared in pounds sterling because that is the primary economic environment in which the group operates. Foreign operations are included in accordance with policies set out in note 3.

### 2. New standards and interpretations yet to be adopted

A number of new standards are effective in the financial year beginning after 1 January 2019 and earlier applications is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards are interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- a) Amendment to references to conceptual framework in IFRS standards.
- b) Definition of a Business (Amendments to IFRS 3).
- c) Definition of Materials (Amendments to IAS 1 and IAS 8).
- d) Interest rate Benchmark Reform (Amendments to IFRS9, IAS39 and IFRS7).
- e) COVID-19 Related Rent Concessions (Amendment to IFRS16).

### 3. Accounting policies

#### Basis of accounting

The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting and Accounting Standards adopted by the European Union ("IFRS"). In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on the historical cost basis, except where IFRS requires an alternative treatment.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3. Accounting policies (continued)

#### Basis of preparation - going concern

##### Basis of preparation

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis, in accordance with The Companies Act 2006 as applicable to companies using IFRS.

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2020, the Directors are required to consider whether the BPL Group can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the going concern basis, having undertaken a rigorous assessment of the financial forecasts with specific consideration to the trading position of the BPL Group in the context of the current worldwide Coronavirus pandemic, for the reasons set out below.

The Group consists of Bio Products Laboratory Holdings Limited and its subsidiaries BPL Plasma, Inc. (BPLP) and Bio Products Laboratory Limited, (together "the Group").

As at 31 December 2020, Bio Products Laboratory Holdings Limited ('the Company') had total assets less current liabilities of £343m and net assets of £343m. Bio Products Laboratory Holdings Limited ('the Group') had total assets less current liabilities of £122m and net assets of £120m. Liquidity as at that date was £61m, made up of cash and cash equivalents. The Group expects revenue and margin growth in 2021 from its BPL Therapeutics business driven by sale volume & price mix of its therapeutic products.

During 2020 BPLP (classified under discontinued operations) has experienced a 33% drop in US plasma collections driven by the effects of the COVID-19 pandemic on the overall US plasma collections industry. The impacts are strongly correlated to the timing of government-imposed lockdowns and shelter at home orders, the temporary closure of universities and higher education facilities as well as the closure of the US-Mexican border, the rollout of enhanced stimulus and financial aid for the unemployed. While there have been isolated cases where BPLP's collection centres had to be temporarily closed due to COVID-19 safety concerns, generally all of its 51 collection centres had continued to operate throughout the pandemic and remained open and operational.

Plasma collections outlook for 2021 remains very challenging due to prolonged COVID-19 impact, in particular that of two successive rounds of US fiscal stimulus that largely benefits the lower- and middle-income segments of the population, which include most of the active plasma donors.

The sale at the end of February 2021 of 25 of its 51 US plasma centres to Biomat USA Inc a fully owned affiliate of Grifols S.A. for a pre-tax amount of \$370m significantly improved BPL's liquidity position and has allowed it to pay down a significant portion of its financial debt. The Group expects to have significantly lower levels of Net Debt by year-end 2021 and to benefit from a comfortable liquidity position by year-end.

It should be noted that the sale of these centres has not impacted materially the availability of plasma supply for use within the Group (by BPLT) as the collections from these centres roughly equated to the level of 3<sup>rd</sup>-party plasma sale commitments; these sale agreements were also transferred or terminated with the sale to Biomat USA Inc. Additionally, as part of the overall agreement to sell the 25 plasma centres, BPL has purchased 647K litres from Grifols to mitigate the effects from lower collections as a result of the COVID-19 pandemic. Of this amount, 294K litres were already received by end of 2020 and the remaining 352K litres has now been received in 2021.

On the other hand, the sale has impacted the Cost Per Litre (CPL) levels as the fixed cost support structures of BPLP had to be right-sized for the new level of collections going forward. This has resulted in a restructuring effort which is expected to generate \$7m of savings per year, which at the time of this report is nearly complete.

The duration and impact of the Coronavirus outbreak remains uncertain. The Group remains vigilant and ready to adjust to any changing circumstances. Throughout this period, the Group's key priorities will continue to be the health and wellbeing of our employees and the supply of critical medicines to patients, while always maintaining the high product and quality standards that are essential to our mission.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3. Accounting policies (continued)

#### Basis of preparation - going concern (continued)

Accordingly, the directors have reviewed the evolving situation relating to Coronavirus and have prepared base and sensitised cash flow forecasts for the period ending 31 December 2022 and assessed the ability of the Group and Company to meet its liabilities as they fall due in the 18-month period from the date of the approval of these financial statements.

In making this assessment the following factors were considered:

#### *a) BPLP divestiture*

In July 2019, BPLH reached an agreement to sell 100% of its ownership interests in BPL Plasma Inc. (BPLP) and all of its affiliates to Scranton Plasma BV for an undisclosed amount, while securing a long-term plasma supply agreement with the future owner so that BPLT can continue to operate at similar volume levels as it does today. Based on its interest in acquiring BPLP, Scranton Plasma BV provided financing to the BPLH business in the form of a term loan worth \$400m.

Following the completion of the anti-trust reviews and approval of Federal Trade Commission (FTC) in February 2021 to divest from the BPLP business, 25 of the 51 collection centres were sold as an asset transaction to Biomat USA Inc leaving 26 collection centres which are still in the Group. Total cash value of \$370m was paid for the sale of the 25 collection centres by Biomat USA Inc to the Group on 28 February 2021, this enabled the Group to immediately repay \$200m of the \$400m debt owing to Scranton Plasma BV and a repayment of \$50m in May 2021 with a further repayment of \$25m in June 2021. At the end of June 2021, the Group's remaining liability to Scranton Plasma BV was \$125m. The \$125m remaining liability to Scranton BV is due to be repaid on 31 January 2022.

The Directors are reviewing the Group and its parent strategic options to comply with the remaining CFIUS obligations. Consistent with prior years, BPLP continues to be classified under discontinued operations for the purposes of these financial statements. The Group's US based Therapeutics business is unaffected and will continue to remain under the current ownership structure as is.

#### *b) Re-financing of Scranton Term Loan*

Due to the need for regulatory approval, it is unlikely that the Group will be able to complete the sale of the remaining 26 collection centres by January 2022 and therefore the Group will not be able to settle the remaining \$125m debt with Scranton Plasma BV without external funding. BPLH has signed a 2-year refinancing agreement with a major UK bank for a \$100m 2-year term loan facility (extendable by 1 more year by mutual agreement). The proceeds of this new financing will be used to settle the current Scranton Plasma BV debt.

The Group management has performed a cashflow forecast to 31 December 2022 by taking into account the interest and amortisation payable on the term loan facility. The cashflow forecast provides headroom over the banking covenants to retain the facility over the period of the term loan. Management has good visibility to its forecasted inflows and is confident in being able to meet all of its trading liabilities and its loan interest and principal payments as they fall due as well as comply with all the covenants set forth within the terms of the new facility agreement.

#### *c) Current and projected cashflows and liquidity positions*

As of 31 July 2021, the Group has cash balances of \$147m available to the business along with financing debt being repayable to Scranton Plasma BV of \$125m.

The current cash flow forecasts indicate the Group's liquidity, while stable, will remain dependent on the funding of the new term loan facility of \$100m to enable the group to repay the remaining Scranton Plasma BV loan. The Group forecasts to exit the financial period ending 31 December 2022 with over \$75m of cash & cash equivalents. Further, cash flow forecasts indicate that the Group and the company will experience fluctuations in working capital that will be managed within its debt covenants and minimum liquidity levels throughout the year.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3. Accounting policies (continued)

#### Basis of preparation - going concern (continued)

##### Balance of risk and uncertainties versus mitigation actions available to management (continued)

The going concern assessment is underpinned by the Group's and the Company's operating cash flow, profit and loss and balance sheet forecasts for the period ending 31 December 2022, which are based on the assumption that the business will be steadily recovering from the negative effects derived from the COVID-19 pandemic, mainly through an increase in US plasma collections back to historical levels albeit at significantly higher CPL levels than those experienced prior to the pandemic. The Company is confident that it will be able to offset these higher unit costs by executing pricing increases and/or improving its sales mix in its key product segments.

Should the assumptions in the base cashflow forecast not be achieved, the directors would implement reasonable mitigating actions, including the reduction of discretionary capex, cost reductions, working capital management and cashflow timing, elements of which are not wholly within their control. Sensitised cashflow forecasts, including offsetting impacts from reasonable mitigation actions have been appropriately considered.

##### Conclusion

Weighing all the relevant elements as laid out in this section, the Directors have a reasonable expectation that with the plans in place and associated cashflow forecasts, and the mitigating actions available to the Board of Directors and the Management Team, the Group and the Company will have sufficient liquidity to meet its commitments as and when the liabilities fall due for the next 15 months from the date of approval of these financial statements. On this basis, the financial statements have been prepared on the going concern basis.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (and its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any amounts written off for impairment.

#### Revenue recognition

The group recognises revenue when products are shipped and the customer takes ownership and assumes risk of loss, collection of the receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. Under certain supply agreements the group is entitled to invoice in advance. These invoiced amounts are recorded on the Consolidated and Company Statement of Financial Positions as accounts receivable and deferred revenue and are recognised as revenue in accordance with the group's aforementioned policy.

#### Goodwill

Goodwill is recognised as an asset from the acquisition date as the excess of the cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture.

Goodwill is reviewed for impairment on an annual basis for events or changes in circumstances that indicate that the carrying value might be impaired and for subsequent changes in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Goodwill is stated at cost less accumulated impairment losses.

The carrying amount of goodwill allocated to each cash-generating unit is considered insignificant in comparison to total goodwill. Recoverable amounts are based on management's consideration of cash flow arising from current supply contracts arising over the next five years.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3. Accounting policies (continued)

#### Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases:

Land	not depreciated
Buildings & Installations	9 – 90 years
Furniture & Equipment	3 – 10 years
IT Equipment	5 years

Assets under construction or installation are not subject to depreciation until they are reclassified after their completion.

At each Balance Sheet date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the Consolidated Statement of Comprehensive Income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment

loss is credited to the Income statement to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

#### Intangible assets

Software is included at cost, representing third party costs of registering or costs directly attributable to the development of the computer software, net of amortisation. Amortisation is calculated on a straight line basis so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Software	5 – 7 years
Development	15 – 20 years

#### Research & development

In accordance with IAS 38 Intangible Assets, expenditure incurred on research and development is distinguished as relating either to a research phase or to a development phase. All research phase expenditure is charged to the income statement. Development expenditure is capitalised as an internally generated intangible asset only if it meets strict criteria, relating in particular to technical feasibility and generation of future economic benefits. As described on page 32, the Group considers activities following the completion of the technical feasibility stage as development activities; this includes all clinical trial activities. Expenditure capitalised is amortised over its useful economic life, 15 to 20 years from the entry into service of the product.



# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3. Accounting policies (continued)

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### Taxation

The tax charge represents the sum of current and deferred tax.

Current tax payable is based on taxable profits for the year. Taxable profits differ from net profits as reported in the Consolidated Statement of Comprehensive Income because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax basis of assets and liabilities and the carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than as a business combination) or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interest in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited to the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is determined using the tax rates that are expected to apply in the period when the asset is realised or the liability settled.

The carrying amount of deferred tax assets is reviewed at each Consolidated Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

#### Other operating income

Other operating income relates to income from royalties, technical services and property rentals. This income is recognised in line with the agreement with the licensee, based on the sale of products under royalty during the year. Property rental income is recognised on a straight line basis and technical services income is recognised on accrual basis.

#### Group management fees

Group management fees are recognised on an accrual basis and are based on the contribution of Bio Products Laboratory Holdings Limited's management to the global business.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3. Accounting policies (continued)

#### Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

#### As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily

determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3. Accounting policies (continued)

#### Leases (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

#### Financial assets

Financial assets are recognised when the group becomes a part to the contractual provisions of the instrument. A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for de-recognition.

A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for de-recognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

##### (a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

##### (b) Subsequent measurement and gains and losses

*Financial assets at FVTPL* - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

*Financial assets at amortised cost* - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3. Accounting policies (continued)

#### Financial assets (continued)

gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Debt investments at FVOCI* - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity investments at FVOCI* - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The Group recognises loss allowance for ECLs on:

- Financial assets measured at amortised cost and
- Debt investments measured at FVOCI.

The Group measures loss allowance at an amount equal to lifetime ECL. Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with regard to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

#### Trade receivables

Trade receivables are initially recognised at fair value, and subsequently at amortised cost.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows. An assessment for impairment is undertaken at least at each Statement of Financial Position date.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3. Accounting policies (continued)

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand that is readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

#### Investment in subsidiaries

In the company's financial statement, investments in subsidiary undertakings are stated at cost less any impairment.

#### Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets. All financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities are divided into the following categories: other payables at amortised cost and liabilities held at fair value through profit and loss.

The group's financial liabilities include trade payables, and other creditors. These are classified as financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost are recognised initially at fair values net of direct issue costs. Finance charges are charged to profit and loss, where applicable, on an accruals basis using the effective method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arose.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

#### Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently carried at amortised cost; any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

#### Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, and it is probable that the group will be required to settle the obligation. The group provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation, taking into account the risks and uncertainties

#### Exceptional items

Where items of income and expense are of such size, nature or incidence that their disclosure is relevant to explain the performance of the company for the period, the nature and amounts of such items are disclosed separately on the face of the income statement classified by function to which such items relate.

#### Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange on the day the transaction is entered into. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Statement of Financial Position date and the gains or losses on translation are included in the statement of comprehensive income. The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average exchange rate for the period. Gains and losses arising on these translations are taken to reserves.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3. Accounting policies (continued)

#### Share capital, share premium and capital redemption reserve

Ordinary shares issued are shown as share capital at nominal value. The premium received on the sale of shares in excess of the nominal value is shown as share premium within shareholders' equity

#### Employee benefits

The Group operates Group personal pension plans (a money purchase arrangement) and a defined benefit pension plan for the benefit of Directors and employees.

In the United Kingdom pension costs are charged to the income statement in the period to which they relate. Payments made to state-managed retirement defined benefit schemes are dealt with as payments to defined contribution schemes where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme; this is due to the scheme being a multi-employer scheme.

In the USA the group maintains a defined contribution plan under Section 401(k) of the Internal Revenue Code of the United States of America. Under the provisions of the plan, eligible employees may defer a percentage of compensation, subject to limits. The group may determine and contribute a qualified matching contribution.

#### Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operation;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

#### Critical accounting judgements and key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The significant estimates and assumptions are discussed below.

#### Inventories

The group makes estimates in apportioning direct materials, labour and overhead when determining the cost price of inventories. The group also estimates the future selling price of its goods, in calculating net realisable values.

#### Tangible Assets

The recoverable amounts of the fixed assets are determined by calculating the value in use of the company. There is no identifiable manner of dividing the assets into smaller groups both when looking at the physical assets and the cash generating capacity of the assets. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. These assumptions have been amalgamated into a Business Plan which covers the next 5 years.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3. Accounting policies (continued)

#### Goodwill

Goodwill is included on the balance sheet at its carrying value on 1 January 2008, the date the Group completed the transition to IFRS. It is reviewed for any impairment and revalued for foreign exchange variances on an annual basis. Determining whether goodwill and other intangibles are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires estimation of future cash flows expected to arise from the cash-generating unit (CGU) and a suitable discount rate in order to calculate present value. Details of CGUs as well as further information about the assumptions made are disclosed in note 14.

#### Research & development

IAS 38 requires that internally generated development costs should only be recognised if strict criteria are met, in particular relating to technical feasibility and generation of future economic benefits. The directors consider activities following the completion of the technical feasibility stage as development activities; this includes all clinical trial activities.

#### Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, and it is probable that the group will be required to settle the obligation. The group provides for legal or constructive obligations that are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation, taking into account the risks and uncertainties. The Directors provide for all provisions based on their estimate of the likely outflow of economic funds and review these provisions on a regular basis.

### 4. Discontinued operation

In late 2017, BPLH and its ultimate shareholder entered into extensive review with the US Government's intra departmental Committee on Foreign Investment in the United States (CFIUS). The objective of the review was to address a series of national security concerns that were raised regarding Chinese control (through the Group) of a US based plasma collection business. This review was completed in early 2019 and resulted in the signing of a National Security Agreement (NSA) by which BPLH has agreed to divest itself within a set timeframe of its US plasma collection business, while securing a long-term plasma supply agreement with the future owner so that the Group's BPL Therapeutics business can continue to operate at similar volume levels as it does today. The Group's US based Therapeutics business is unaffected and will continue to remain under current ownership structure as is.

As a consequence of this decision, the BPL Plasma (BPLP) financial results have been classified under Discontinued Operations for the purposes of these financial statements for the year ended 31 December 2020 and 2019.

In July 2019, BPLH signed a stock purchase agreement with one buyer to sell 100% of BPLP stock. Following the completion of the anti-trust reviews and approval of Federal Trade Commission (FTC) in February 2021 to divest from the BPLP business, 25 of the 51 collection centres were sold as an asset transaction to Scranton Plasma BV leaving 26 collection centres which are still in the Group. At the end of December 2020 BPLP was classified as discontinued operations on the balance sheet.

During the year ended 31 December 2019 and 2020, BPL Therapeutics continues to purchase raw material from the discontinued operation. The Group eliminated from the results of the discontinued operation the inter-segment sales (and cost thereof) made. Because purchases from the discontinued operation will continue after the disposal. Inter-segment purchases made by the continuing operations before the disposal are retained in the continuing operations.

The asset impairment charge recognised in the year within discontinued operations of £12.8m (\$16.5m) relates to the price premium paid over the fair value of assets purchased by BPL Properties LLC during the year. This impairment charge has been allocated on consolidation to discontinued operations on the basis the premium paid for these assets relates exclusively to the operations of BPL Plasma, Inc.

The £13.6m exceptional net credit relates to two items; (i) On the 8th December 2020 BPLP entered into a release agreement with Biomat USA Inc relating to historic customer claims for a series of product quality compliance

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 4. Discontinued operation (continued)

issues, the release agreement resulted in a provision reversal benefiting the discontinued operations income statement by £14.5m (\$18.8m). (ii) In addition, £0.9m of COVID relating items, £1.2m income recognised in relation to COVID-19 speciality plasma sales offset by £2.1m of expenses incurred for the provision of PPE equipment in order to provide a safe working environment for staff during the pandemic.

(A) Results of discontinued operation	2020 £'000	2019 £'000
Revenue	240,121	288,788
Elimination of inter-segment revenue	(141,998)	(166,438)
<b>External revenue</b>	<b>98,123</b>	<b>122,350</b>
Expenses	(239,872)	(278,249)
Elimination of expenses related to inter-segment sales	141,470	165,908
Asset impairment	(12,370)	-
<b>Exceptional costs:</b>		
Customer claim release (relating to quality compliance issues)	14,500	-
Income related to speciality plasma product sales due to COVID19	1,200	-
Provision of PPE equipment on site due to COVID19	(2,130)	-
<b>External expenses</b>	<b>(97,202)</b>	<b>(112,341)</b>
<b>Operating Profit</b>	<b>921</b>	<b>10,009</b>
Finance income	33	148
Finance and other costs	(3,289)	(3,060)
<b>(Loss)/profit from discontinued operations</b>	<b>(2,335)</b>	<b>7,097</b>
Income tax credit/(expense)	1,505	(844)
<b>(Loss)/profit from discontinued operations, net of tax</b>	<b>(830)</b>	<b>6,253</b>
<b>(B) Cash flows from (used in) discontinued operation</b>		
Net cash from operating activities	55,983	(25,896)
Net cash used in investing activities	(2,051)	(3,566)
Net payment of lease liabilities	(5,959)	(5,246)
Net cash (used/from) Intercompany financing	(38,831)	36,329
Net foreign exchange differences	(416)	(87)
<b>Net cash flows for the year</b>	<b>8,726</b>	<b>1,534</b>



# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 5. Operating profit / (loss)

Operating profit / (loss) is stated after charging / (crediting):

	2020 £'000	2019 £'000
Depreciation of property, plant and equipment	10,229	8,095
Amortisation of intangible assets	699	611
Loss on disposal of property, plant and equipment	149	-
Impairment of Intangible assets (note 14)	-	5,406
Fees payable to the company's auditors and their associates for the audit of the parent company, holding companies and consolidated financial statements	-	21
Fees payable to company's auditor and their associates for other services:		
- the audit of the company's subsidiaries	149	144
- other related assurance services	12	-
Net foreign exchange (gains)/losses	(3,068)	487
Research and development costs	6,638	5,310
Research and development tax credit	(881)	(354)
Operating lease charges (equipment & motor vehicles)	75	-
Cost of inventories charged as an expense	233,312	188,783
Write downs of inventories recognised as an expense	9,732	3,537
Other COVID related exceptional (PPE & Holiday Pay)	1,836	-
Impairment reversal recognised on trade receivables	(16)	(2)
Donations	18	-

Write downs of inventories recognised as an expense in the year of £19,636k (2019: £3,537k), relates to product with quality issues found during the production process and slow moving / expired stock.

As the Group operates under one business sector, it is not required to make any disclosure under segmental reporting including segmental reporting of revenue.

Depreciation, Amortisation of intangible assets and loss on impairment of fixed assets is included within other operating expenses on the Consolidated Statement of Comprehensive Income.

### 6. Other operating income

	2020 £'000	2019 £'000
Group management fee	1,740	280
Service fee income	100	-
<b>Total other operating income</b>	<b>1,840</b>	<b>280</b>

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 6. Other operating income (continued)

The group issued an invoice for management fees of £1,740k (2018: £280k) in relation to strategic management services provided by Bio Products Laboratory Holdings Limited which contributes to the overall financial performance of the global business. The level of fee was calculated based on the contribution of Bio Products Laboratory Holdings Limited's management to the global business.

The other operating income £100k (2019: £Nil) relates to a consultancy work which was delivered to one of the BPL customers in relation to regulatory activities for obtaining Product Master File (PMF) approval by EU regulatory authorities. As per the contract clause 13.a BPL is eligible to charge the full amount of the Regulatory Activity Charges to the customer and per contract clause 13.b BPL is not required to refund any part of the Regulatory Activity Charges paid by the customer regardless of whether the approval is granted by EU regulatory authority or rejected.

### 7. Finance income

	2020 £'000	2019 £'000
Net change in fair value of external loan	9,678	10,064
Net change in fair value of FX contracts	2,293	2,972
Other service fee income	102	-
Interest receivable other	-	595
<b>Total finance income</b>	<b>12,073</b>	<b>13,631</b>

### 8. Finance and other costs

	2020 £'000	2019 £'000
<b>Finance costs</b>		
Interest payable on parent loan	11,302	1,574
Interest payable on external loan	-	9,129
Imputed interest on related party balances	1,363	6,110
Interest payable other	47	3
<b>Total finance costs</b>	<b>12,712</b>	<b>16,816</b>

### 9. Exceptional items

	2020 £'000	2019 £'000
Cryo stock provision	9,904	-
PPE equipment	690	-
Holiday pay accrual	1,146	-
<b>Total exceptional items</b>	<b>11,740</b>	<b>-</b>

The £9,900k (2019: £Nil) stock provision expense relates to Cryo intermediate material being generated during the pandemic period, this resulting from a combination of prioritising high return products, the softening end customer markets and setting inventory to recoverable levels.

The £690k (2019: £Nil) PPE equipment expense relates to provision of mask, hand sanitisers and other cleaning equipment on site to comply with the government guidelines on keeping a safe environment within the workplace. Additionally, cleaning took place on site more regularly than usual in the light of the pandemic.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 9. Exceptional items (continued)

The £1,146k (2019: £Nil) relates to additional holiday days carry over allowed to staff due to the pandemic. In order to keep the headcount maintained at production to avoid any delays or disruption in the production process due to staff falling sick or self-isolating, staff was encouraged to reduce the number of holidays taken in the year and instead allowed to carry over a total of up to 10 days to 2021. The impact disclosed within exceptional is due to the additional 5 days holiday per employee carried over into 2021.

### 10. Directors and employees

Monthly average number of persons employed (including Directors):

	Group	
	2020	2019
	No.	No.
Monthly average no of people employed:		
Production	696	676
Technical	172	158
Administrative	167	160
<b>Total</b>	<b>1,035</b>	<b>994</b>

Staff costs (including Directors):

	Group	
	2020	2019
	£'000	£'000
Wages and salaries	58,804	53,311
Social security costs	5,847	4,883
Other pension costs	2,962	2,710
	<b>67,613</b>	<b>60,904</b>

Remuneration in respect of the Directors, who are the key management personnel, was as follows:

	Group	
	2020	2019
	£'000	£'000
Short-term employee benefits	2,241	1,543
	<b>2,241</b>	<b>1,543</b>

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	2020	2019
	£'000	£'000
Emoluments	1,389	1,026
Pension contributions to money purchase pension scheme	-	-
	<b>1,389</b>	<b>1,026</b>

During the year 1 Director (2019: 2) participated in money purchase pension schemes.

The Group makes payments into a Group personal pension scheme for certain employees and Directors. The assets of the scheme are administered by trustees in a fund independent from those of the Group.

The above remuneration in respect of directors of the NAGA UK TopCo Limited has been expensed by Bio Products Laboratory Limited.

NAGA UK TopCo Limited Non-executive director fees of £48k (2019: £67k) have also been expensed by Bio Products Laboratory Limited.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 11. Income tax

	2020 £'000	2019 £'000
<b>Current tax</b>		
Overseas tax payable	179	40
Overseas tax – adjustments in respect of prior years	94	116
<b>Total tax expense for the year</b>	<b>273</b>	<b>156</b>

Factors affecting the tax charge for the year

	2020 £'000	2019 £'000
Profit / (loss) before income tax	8,538	11,046
Profit/(loss) on ordinary activities multiplied by rate of tax 19% (2019: 19%)	1,622	2,099
(Income)/expenses not deductible/(taxable) for tax purposes	(1,964)	226
Utilisation of unrecognised losses brought forward	(15)	-
Group relief claimed for nil consideration	87	944
Deferred tax losses not recognised	515	(283)
Temporary difference for which no DTA was recognised	96	(2,987)
Effect of overseas tax rates	(341)	40
US state taxes	179	1
Adjustments in respect of prior years	94	116
<b>Total tax charge for the year</b>	<b>273</b>	<b>156</b>

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The March 2021 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2021. This will increase the company's future current tax charge accordingly.

### 12. Profit of parent company

The Parent Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The Parent Company's result for the year was a profit of £15,871k (2019 profit of £12,256k).

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 13. Intangible assets

Group	Development £'000	Software £'000	Total £'000
<b>Cost</b>			
At 1 January 2020	11,139	5,403	16,542
Additions	4,633	556	5,189
Disposals	-	-	-
At 31 December 2020	15,772	5,959	21,731
<b>Accumulated amortisation &amp; impairment</b>			
At 1 January 2020	677	4,160	4,837
Charge for the year	371	328	699
At 31 December 2020	1,048	4,488	5,536
<b>Carrying amount</b>			
At 31 December 2020	14,724	1,471	16,195
At 31 December 2019	10,462	1,243	11,705

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 14. Property, plant and equipment

#### Group

#### At 31 December 2020

	Land & Buildings £'000	Assets under Construction £'000	Furniture & Equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2020	72,760	41,150	84,685	198,595
Additions	22,780	7,870	-	30,650
Transfers – AUC	804	(39,337)	38,533	-
FX movement	(1,167)	-	-	(1,167)
Disposals	-	-	(7)	(7)
<b>At 31 December 2020</b>	<b>95,177</b>	<b>9,683</b>	<b>123,211</b>	<b>228,071</b>
<b>Accumulated Depreciation</b>				
At 1 January 2020	23,407	-	38,541	61,948
Charge for the year	2,401	-	7,828	10,229
Disposal	-	-	(7)	(7)
Impairment	12,370	-	-	12,370
Exchange difference	(286)	-	-	(286)
<b>At 31 December 2020</b>	<b>37,892</b>	<b>-</b>	<b>46,362</b>	<b>84,254</b>
<b>Net book value</b>				
<b>At 31 December 2020</b>	<b>57,285</b>	<b>9,683</b>	<b>76,849</b>	<b>143,817</b>
At 31 December 2019	49,353	41,150	46,144	136,647

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 14. Property, plant and equipment (continued)

At 31 December 2020, the group had entered into contractual commitments for the acquisition of plant and equipment amounting to £4,618K (2019: £1,986K). The total authorised commitments but not contracted for at 31 December 2020 amounted to £9,004k (2019: £3,753k).

#### Group

##### At 31 December 2019

	Land & Buildings £'000	Assets under Construction £'000	Furniture & Equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2019	70,195	55,316	63,479	188,990
Additions	-	9,625	-	9,625
Transfers – AUC	2,565	(23,771)	21,206	-
Transfer – note 14	-	(20)	-	(20)
<b>At 31 December 2019</b>	<b>72,760</b>	<b>41,150</b>	<b>84,685</b>	<b>198,595</b>

#### Accumulated Depreciation

At 1 January 2019	21,099	-	32,754	53,853
Charge for the year	2,308	-	5,787	8,095
<b>At 31 December 2019</b>	<b>23,407</b>	<b>-</b>	<b>38,541</b>	<b>61,948</b>

#### Net book value

<b>At 31 December 2019</b>	<b>49,353</b>	<b>41,150</b>	<b>46,144</b>	<b>136,647</b>
At 31 December 2018	49,096	55,316	30,725	135,137

### 15. Investments

	Company 2020 £'000	2019 £'000
<b>Cost and net book value</b>		
<b>At 31 December 2019 and 31 December 2020</b>	<b>236,769</b>	<b>236,769</b>

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15. Investments (continued)

At 31 December 2020, the Company, directly or indirectly, held more than 20% of a class of the allotted share capital of the following:

Name	Address of registered office	Class of share held	Proportion held
BPL Plasma Inc.	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Bio Save Resources of Albuquerque LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Bowling Green Biologicals LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Bryan LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Carbondale LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Plasma Center of Duluth LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Dunedin LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Flagstaff LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals, Greenville, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Hot Springs, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Jonesboro, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Las Cruces Biologicals, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Little Rock, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Nacogdoches, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Orlando, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Portland Biologicals, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Stillwater Plasma Center, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Temple Terrace, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Texarkana, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Westgate Biologicals, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Wichita Falls, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Wilmington, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Yale Blood Plasma, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Austin, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals San Marcos, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals San Angelo, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Life Resources, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Texas Realty, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Hutton Medical Services, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Management Group, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Medserv Biologicals, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
DCI Biologicals Austin II, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
BPL Plasma Phoenix, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Diagnostic Chemistries, LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Bio Products Laboratory USA Inc.	1209 Orange Street, Wilmington, Delaware, USA	Common	100%
Bio Products Laboratory Limited	Dagger Lane, Elstree, Herts, United Kingdom	Common	100%



# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15. Investments (continued)

BPL Bio Products Laboratory GmbH	Amthausgasse 18, 3011 Bern, Switzerland	Common	100%
BPL Bioproducts Laboratory GmbH	Domhofstraße 34, 63263 Neu-Isenburg Amtsgericht Frankfurt, Germany	Common	100%
BPL Properties LLC	1209 Orange Street, Wilmington, Delaware, USA	Common	100%

The principal activity of BPL Plasma Inc. is the operation of donor plasma centres throughout the United States. The principal activity of Bio Products Laboratory Limited is plasma fractionation and sale of extracted therapeutic proteins. The principal activity of BPL Bioproducts Laboratory GmbH, and Bio Products Laboratory Mexico S.de.L are the sale of extracted therapeutic proteins. BPL Bio Products Laboratory GmbH is in the process of undergoing liquidation. The principal activity of Bio Products Laboratory USA Inc. is the marketing and promotion of extracted therapeutic proteins produced and sold by Bio Products Laboratory Limited. The principal activity of BPL Properties, LLC is the holding of real property in the United States. The principal activity of the remaining subsidiaries is plasma supply.

All the above subsidiaries are included within these consolidated financial statements.

### 16. Inventories

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Raw materials	82,827	63,663	-	-
Work in progress	41,296	49,310	-	-
Finished goods – awaiting release	48,143	33,551	-	-
Finished goods – available for sale	23,859	24,658	-	-
	196,125	171,182	-	-

Total write down of inventories recognised in the year as expense was £19,636k (2019: £3,537k).

### 17. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade receivables	21,038	27,198	-	-
Tax recoverable	25	89	-	-
Prepayments	3,974	3,751	-	-
Other debtors	3,535	3,471	10	10
Deposit for real estate purchase	-	11,187	-	-
Derivative financial instruments	4,949	2,656	-	-
	33,521	48,352	10	10

The Directors consider that the carrying value of trade and other receivables approximates to their fair values. There remains for the year a provision of £849k for impairment of receivables (2019: £916k). The maximum credit exposure at the balance sheet date equates to the carrying value of trade receivables. There is no concentration of credit risk and of the total trade receivables of £19,100k (2019: £16,400k) is denominated in a currency other than sterling.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 17. Trade and other receivables (continued)

	2020	2019
	£'000	£'000
<b>Reconciliation of bad debt provision</b>		
Opening provision	916	918
New provisions	(51)	44
Release of bad debt provision	(16)	(46)
Closing bad debt provision	849	916

The average credit period during the year was 28 days (2019: 28 days). The Group does not hold any collateral over these balances.

Trade receivables that are less than 6 months past due are not generally considered impaired. As at 31 December 2020, trade receivables of £1,030k were past due but not considered impaired (2019: £1041k).

<b>Ageing of past due but not impaired receivables</b>	2020	2019
	£'000	£'000
30-60 days	21	529
60-90 days	6	288
90-180 days	288	209
180 days plus	715	15
Total	1,030	1,041

### 18. Amounts receivable from parent and related companies

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Receivable: parent – trading	6,538	19,076	1,106	1,046
Receivable: parent – interest	213	1,097	36	60
Receivable: subsidiary – loan	-	-	456,692	318,152
Receivable: subsidiary – interest	-	-	11,666	18,294
	6,751	20,173	469,500	337,552

The intragroup receivables are repayable on demand and bear a closing annual imputed interest charge of 3.25%. The blended imputed rate during 2019 was 5.75%.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 19. Deferred tax asset

At 31 December 2020, the Group had not recognised a deferred tax asset in respect of gross UK tax losses of £135,404k (2019: £104,704k) and gross overseas tax losses of £34,457k (2019: £34,457k) as there is insufficient evidence that the losses will be utilised, in the short term.

The group has also not recognised a deferred tax asset (2019: asset) in respect of gross UK other timing differences of £37,655 (2019: £55,000) as these can be offset against the UK tax losses carried forward.

#### Group

	2020 £'000	2019 £'000
Accelerated capital allowances	62	(133)
Short term temporarily deferred	394	337
Losses	28,004	25,861
Deferred tax not provided	(28,460)	(26,065)
	-	-

### 20. Other financial assets

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Other financial assets	-	-	-	125,066

The loan provided by Bio Products Laboratory Holdings Limited to BPL Plasma Inc. is unsecured and carries interest at 8.2% per annum which is settled on an annual basis, the loan is payable on maturity of 19<sup>th</sup> December 2023.

### 21. Cash and cash equivalents

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash and cash equivalents	60,731	27,975	2	2

Of the cash and cash equivalents above, £21,600k (2019: £5,500k) is held in British Pounds, the remainder is in US Dollars and Euros.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 22. Assets and Liabilities held for sale

	2020 £'000	2019 £'000
Intangible assets	49,531	52,678
Property, plant and equipment	39,533	35,129
Right of use asset	43,958	43,342
Inventories	10,614	48,934
Trade and other receivables	7,445	25,130
Cash and cash equivalents	12,472	3,745
<b>Assets held for sale</b>	<b>163,553</b>	<b>208,958</b>
Trade and other payables	20,212	22,420
Deferred tax liabilities	7,535	8,723
Lease liabilities	44,742	46,994
Other provisions	14,950	31,672
<b>Liabilities held for sale</b>	<b>87,439</b>	<b>109,809</b>

The assets and liabilities held for sale relate to BPL Plasma Inc. and its subsidiaries, which is classified as a discontinued operation for the purposes of these financial statements (Note 4).

### 23. Trade and other payables

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade payables	54,848	20,520	-	-
Other taxation and social security	1,334	1,208	-	-
Tax payable	-	-	-	-
Other payables / accruals	11,990	14,790	-	895
	<b>68,172</b>	<b>36,518</b>	<b>-</b>	<b>895</b>

The average creditors period during the year was 55 days (2019: 34 days). Current liabilities fall due within one year. The Directors consider that the carrying amount of trade payables approximates to their fair value and of the trade payables balance £36,200k (2019: £10,900k) is denominated in a currency other than sterling.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 24. Amounts payable to a related party

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
<b>Current liabilities</b>				
Payable to intermediate parent - loan	47,616	59,424	68,273	64,561
Payable to intermediate parent - interest	1,575	3,417	2,219	3,712
	<b>49,191</b>	<b>62,841</b>	<b>70,492</b>	<b>68,273</b>

The intragroup payables are due on demand and bear a closing annual imputed interest charge of 3.25%. The blended imputed rate during 2020 was 5.75%.

The total amount of intercompany liability £49,191k is the net intercompany liability with Naga BidCo Limited after excluding the £21,301k receivable from Naga BidCo Limited to BPL Limited (Group). The recoverability assessment for the total gross balance of £70,492k has been disclosed in the narrative above.

### 25. Borrowings

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
External borrowings	293,062	303,375	293,062	303,375
	<b>293,062</b>	<b>303,375</b>	<b>293,062</b>	<b>303,375</b>

The carrying amounts of the group borrowings are denominated in US Dollars

On 17 July 2019, BPLH obtained a loan of \$400 million at an interest rate of no more than 5% per annum from Scranton Plasma B.V. ("SPBV").

The maturity date of the loan agreement is the earlier of (i) 31 July 2021; (ii) the business day when the repayment notice is delivered to BPLH due to an event of default; or (iii) upon any Change of Control of BPLP or concurrently with the consummation of the transaction related thereto.

Refer to note 32.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 26. Provisions

#### Group

	Employee Benefits £'000	Client Fines £'000	Total £'000
<b>At 31 December 2019</b>	<b>620</b>	<b>2,197</b>	<b>2,817</b>
Provisions – arising in the year	94	12	106
Released in the year	-	-	-
Utilised in the year	(59)	(86)	(145)
<b>At 31 December 2020</b>	<b>655</b>	<b>2,123</b>	<b>2,778</b>
<b>Analysed as</b>			
<b>Current</b>	<b>58</b>	<b>1,027</b>	<b>1,085</b>
<b>Non-current</b>	<b>598</b>	<b>1,095</b>	<b>1,693</b>
<b>At 31 December 2019</b>	<b>657</b>	<b>2,123</b>	<b>2,778</b>

The employee benefits provision relates to pension compensation payments to ex-employees and is expected to be fully paid within 11 years.

The client fines provision relates to historic penalties under BPLT sales contracts for late / non-delivery of products, £1,095k (2019: £1,228k) relates to one client where appeals have been submitted contesting the fines, the expected timing of payment is currently unknown, the remaining £1,028k (2019: £969k) relate to a number of customers and are payable within one year.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 27. Financial instruments

#### Group

Categories of financial instruments:	2020 £'000	2019 £'000
<b>Financial assets</b>		
Loans and receivables:		
Trade and other receivables	24,573	41,856
Amounts receivable from a related party	6,751	20,173
Cash and cash equivalents	60,731	27,975
	<b>92,055</b>	<b>90,004</b>
Financial assets at fair value through the profit and loss:		
Derivative financial instruments	4,949	2,656
<b>Non-financial assets</b>		
Prepayments	3,974	3,751
Inventory	196,125	171,182
Tax recoverable	25	89
	<b>200,124</b>	<b>175,022</b>
	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Financial liabilities</b>		
Borrowings and other financial liabilities at amortised cost:		
Trade and other payables	54,848	20,520
Parent loan	-	-
External borrowings	293,062	303,375
Amounts payable to a related party	49,191	62,841
Other payables/ accruals	11,990	14,790
	<b>409,091</b>	<b>401,526</b>
<b>Non-financial liabilities</b>		
Provisions	2,779	2,817
Other taxation and social security	1,334	1,208
	<b>4,113</b>	<b>4,025</b>

The non-financial assets and non-financial liabilities are not within the scope of IAS 39.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 27. Financial instruments (continued)

#### Financial Risk Management Objectives and Policies

##### Capital risk management

The Group manages its cash and cash equivalents to ensure that entities in the Group will be able to continue as going concerns as it pursues its business objectives. Where possible, given its size and financial strength, the Group seeks to add debt instruments to augment its financial resources and balance its debt/equity ratio.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to the equity holders, comprising issued capital, reserves and retained earnings. As part of the capital risk management strategy the company manages its capital structure to achieve capital efficiency, maximise flexibility and give the appropriate level of access to debt markets at attractive levels of interest.

##### Externally imposed capital requirement

The Group is not exposed to externally imposed capital requirements.

##### Financial risk management

The Group's finance function provides services to the business, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk), credit risk, and liquidity risk and are reported on a regular basis to the Group's board.

##### Foreign currency risk

The group makes purchases and sales in foreign currencies (principally US Dollars). Foreign currency bank accounts are used to off-set these transactions against each other. There is a risk that cash flow forecasts are not accurate and therefore the off-setting transactions do not occur as planned leading to a gain or loss as the result of foreign currency movements.

##### Credit risk

The Group's exposure to credit risk is limited to the carrying value of financial asset at the balance sheet date, summarised as follows:

	2020 £'000	2019 £'000
Trade receivables (net of provisions)	21,038	27,198
Cash and cash equivalents	60,731	27,975

The credit risk associated with the cash is limited as the cash is principally held in UK financial institutions. The principal credit risk arises therefore from trade receivables.

The group manages the credit risk associated with trade receivables by ensuring that limits on credit accounts are set based on payment history and credit references where possible are sourced. The credit quality of financial instruments that are not past due are assessed based on information available at the time of entering into the transaction and continuously monitored thereafter for any potential impairment triggers.

The maturity of overdue debts is set out in note 17.

##### Fair value of financial instruments

Fair values are not significantly different from book values and therefore no additional disclosures are required.

##### Liquidity risk

The group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Board reviews available cash to ensure there are



# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 27. Financial instruments (continued)

#### Liquidity risk (continued)

sufficient resources for working capital requirements. At 31 December 2020, the cash and cash equivalents available to the group amounted to £73,000k (2019: £28,000k) and the cash available to the company amounted to £2k (2019: £2k).

#### Interest rate risk

Management considers there to be minimal exposure to interest rate risk.

### 28. Retirement benefit schemes

#### Defined contribution scheme

In the UK the group operates a defined contribution retirement benefits scheme for employees recruited after 1 January 2011. The assets and liabilities of the scheme are held separate from those of the group. During the year £1,746k (2019: £1,511k) was recognised as an expense.

There are also defined contribution schemes in the overseas companies, which recognised pension expense of

- i) BPL Plasma Inc. 2020 reported as discontinued operation (2019: discontinued operation)
- ii) Bio Plasma Laboratories USA Inc. £319k (2019: £351k)
- iii) BPL Bio Products Laboratory GmbH (Switzerland) £Nil (2019: £4k)
- iv) BPL Bioproducts Laboratory GmbH (Germany) (£6k) (2019: £6k)

#### Defined benefit scheme

Employees recruited prior to 1 January 2011 are covered by the provisions of the NHS Pensions Scheme through a closed direction order if they elected to participate in the scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions)

The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

##### a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience and OBR's forecast for long term GCP growth rate), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2016. The conclusion from the 2016 valuation was that the scheme had accumulated a notional deficit of £19.4billion against the notional assets as at 31 March 2016.

In order to defray the costs of benefits, employers will pay contributions at a rate of 14.4%. From April 2022 onwards the employer contribution rate will increase from 14.4% to 20.6%. The planned increase in contribution rate is to ensure that the employer contribution cost equals to the target cost of the scheme. Employees will pay a tiered rate between 5% and 14.5% based on their earnings.

Actuarial valuations for scheme assets and liabilities takes place regularly, not exceeding a period of more than 4 years.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 28. Retirement benefit schemes (continued)

#### b) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

The profit and loss expense of the Company's contributions to the NHS Defined benefit schemes was £791k (2019: £838k).

### 29. Issued share capital

Authorised, allotted, called-up and fully paid:

	Number	2020 £'000	Number	2019 £'000
Ordinary shares of £1 each	223,108,063	223,108	223,108,063	223,108

### 30. Controlling party

The company's immediate parent company is Naga UK BidCo Limited, a company registered in England and Wales, by virtue of its holding of 100% of the issued share capital of the company.

Naga UK BidCo Limited results are included within the consolidated financial statements of Naga UK Topco which are available from the company secretary at their registered office:

Dagger Lane  
Elstree  
Hertfordshire  
WD6 3BX

Naga UK Topco Limited is the parent company of the largest group of undertakings to consolidate these financial statements. These are available at the same registered address detailed above.

The ultimate parent is Tiancheng International Investment Limited, a company incorporated in Hong Kong

### 31. Related party transactions

The Company recognised a net income of £1,700k (2019: £300k) relating to management fees for strategic management services with its parent NAGA UK BidCo Limited and subsidiary BPL Plasma Inc.

The outstanding balances as at the year-end have been disclosed in notes 18 and 24.

# Bio Products Laboratory Holdings Limited

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

### 32. Post balance sheet events

On January 1, 2021, the Group adopted the USD as its new Functional Currency in accordance with IAS 21. The change in functional currency was due to the primary economic environment in which BPL operated in FY20 was USD and this is expected to continue in the future.

On February 28th, 2021, following the completion of the necessary regulatory reviews, 25 of the 51 collection centres were sold as an asset transaction to Biomat USA Inc. leaving 26 collection centres which are still in the Group. Total cash value of \$370m was paid for the sale of the 25 collection centres by Biomat USA Inc. to the BPL Group on 28 February 2021, this enabled the BPL Group to immediately repay \$200m of the \$400m debt owing to Scranton Plasma BV and a repayment of \$50m in May 2021 with a further repayment of \$25m in June 2021. At the end of September 2021, the Group's remaining liability to Scranton Plasma BV was \$125m due for repayment on 31 January 2022.

In May 2021, BPLH signed together with Scranton Plasma BV an amendment to its existent Term Loan agreement for \$400m to be further extended the loan maturity date from the end of July 2021 to the end of January 2022. Due to the need for regulatory approval, it is unlikely that the BPL Group will be able to complete the sale of the remaining 26 BPLP collection centres by end of January 2022 and therefore the BPL Group will not be able to settle the remaining \$125m debt with Scranton Plasma BV without external funding. In September 2021 BPLH has signed a 2-year refinancing agreement with a major UK bank for a \$100m 2-year term loan facility (extendable by 1 more year by mutual agreement). The proceeds of this new financing will be used to settle the current Scranton Plasma BV debt at the maturity date, 31 January 2022.

### 33. Commitments

At 31 December 2020, the group had entered into contractual commitments for the acquisition of plant and equipment amounting to £4,618K (2019: £1,986K). The total authorised commitments for acquisition of plant and equipment but not contracted for at 31 December 2020 amounted to £9,004k (2019: £3,753k).

Commitments under long term service agreements with fixed purchase volumes at 31 December 2020 amounted to £6,600k (2019: £10,700k).