

Registration number: 03764421

# Patheon UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2023



## **PATHEON UK LIMITED**

### **CONTENTS**

Company Information	1
Strategic Report	2 to 11
Directors' Report	12 to 18
Independent auditor's report to the members of Patheon UK Limited	19 to 25
Profit and Loss Account	26
Statement of Comprehensive Income	27
Balance Sheet	28
Statement of Changes in Equity	29
Notes to the Financial Statements	30 to 62

## PATHEON UK LIMITED

### COMPANY INFORMATION

**Directors** E Cameron  
P Hawkins  
M Newton

**Company secretary** P Hawkins

**Registered office** Kingfisher Drive  
Swindon  
Wiltshire  
SN3 5BZ

**Bankers** Barclays Bank  
4th Floor  
Apex Plaza  
Forbury Road  
Reading  
RG1 1AX

**Independent auditors** PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
40 Clarendon Road  
Watford  
Hertfordshire  
WD17 1JJ

## **PATHEON UK LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors present their strategic report on the company for the year ended 31 December 2023.

#### **Principal activities**

The principal activity of the company is one of providing commercial manufacturing services and pharmaceutical development services to the international pharmaceutical and biotechnology industry.

#### **Review of the business and future developments**

The directors are satisfied with the performance in 2023 due to the growth in turnover of 3.24% over 2022. The directors expect to see continued turnover growth in the future, despite the downturn in COVID-19 related turnover due to a diverse customer portfolio and maximising non-Covid-19 vaccine manufacturing opportunities. The current operating margin of 22.13% (2022: 28.66%) is expected to be maintained with new business and turnover growth based on current projections and the company is expanding into non-Covid mRNA markets as well as continuing to operate within its existing markets. The net asset position at 31 December 2023 was €806,915,000 (2022: asset €597,240,000).

Investment in fixed assets remains high as part of the company's investment in traditional sterile manufacturing services. The sterile facility being constructed at the Swindon site is compliant with the new requirements being brought into effect by the European Commission in Annex 1 in August 2023, which imposes new regulatory expectations on sterile drug manufacture of products intended for EU markets. Fixed asset additions during the financial year were €16,996,000 (2022: €42,450,000). The company has loan arrangements with other entities within the group, details of these are included in notes 17 and 18.

In March 2023, the company received information from a significant Swindon client that there would not be any future purchase commitments for the site. On 30 June 2023, the company signed an official termination agreement with the client. The impact is as follows:

- Based on the termination, the site recognised all deferred turnover and expensed all deferred contract costs associated with the contract (€76,253,000 and €29,875,000 respectively), along with recording turnover and a receivable for the fees, as detailed in the termination agreement, of €8,037,000 that was realised during the year.
- The company has additionally recorded an impairment charge of €50,247,000 for fixed assets that were specific to the client's manufacturing process and do not have an alternative use (a portion of these assets, approximately €1,012,000 were delivered back to the client in accordance with the termination agreement). Also, a reserve of €10,810,000 was recorded for inventories purchased for the program, which the client will not be buying back.
- The site additionally initiated a reduction-in-force program. The contracts of a group of employees were terminated in accordance with the final terms of the severance packages. The company recognised €2,191,000 of severance costs in 2023.

In October 2023, it was announced that the Milton Park facility would close, with customer contracts being transferred to the Patheon France SAS facility and Patheon UK Limited still acting as principal. The number of staff affected by the closure is 44 with severance costs of €1,789,000 recognised in 2023 with all staff exiting and the facility closed by June 2024.

## **PATHEON UK LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

#### **Key performance indicators (KPI's)**

The directors believe that the key performance indicators ('KPIs') are turnover growth and profitability.

Turnover has increased from €955,809,000 (2022) to €986,733,000 primarily due to the increase in sales of commercial manufacturing services.

Turnover has increased at a lower rate than cost of sales resulting in a decrease in gross profit margin to 27.78% (2022: 37.32%).

Total operating margin decreased in relation to turnover to 22.13% (2022: 28.66%). Cost of Sales increased as a percentage of turnover from 63% to 72%.

The profit for the financial year was €211,408,000 (2022 €242,887,000) which will be transferred to reserves. The 2023 profit was lower due to the two events in March 2023 and October 2023 detailed in the review of business section.

Employee numbers decreased by 116 (17.34)% in the year as the company initiated a reduction-in-force program.

The net asset position at 31 December 2023 was €806,915,000 (2022: €597,240,000).

#### **Statement by the directors of their statutory duties in accordance with Section 172(1) of the Companies Act 2006**

The directors of the company have acted in accordance with a set of general duties. These duties are detailed in section 172 (1) of the Companies Act 2006, which is summarised as follows:

'Each director of the company has acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any 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,
- the need to act fairly as between members of the company.'

As part of the director induction process, a director is briefed on their duties and they can access professional advice on these from the company secretary. The following paragraphs summarise how the directors' fulfil their duties.

#### **Risk management**

As we continue to grow our business our risk environment also becomes more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties and how we manage those risks, please refer to the principal risks and uncertainties and financial risk management section.

## **PATHEON UK LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

#### **Statement by the directors of their statutory duties in accordance with Section 172(1) of the Companies Act 2006 (continued)**

##### **Business relationships**

Our mission is to enable our customers to make the world healthier, cleaner and safer and as a result of this mission we have created a culture where our customers come first. Part of our business strategy is to continue to strengthen our company to be the partner customers rely on to help them achieve their goals. This is achieved through delivering a unique value proposition to our customers.

As a company we place great importance on building and maintaining strong relationships with our suppliers. The company is committed to meeting payment terms agreed with suppliers and we seek to resolve queries in an efficient and professional manner.

##### **Our colleagues**

None of our accomplishments would be possible without our team. Inspired by our mission, and grounded by our 4 values (integrity, intensity, innovation and involvement) this motivates our team to bring their best every day. It also helps us to attract and retain talent which is critical to our future.

We invest in our colleagues through numerous development programs that enrich their individual experiences, stress the importance of teams and build skills that set them up for success.

Further information can be found in the Directors' Report.

##### **Community and environment**

Our mission is to enable our customers to make the world healthier, cleaner and safer. One way that we fulfil our Mission is by being a socially responsible community partner. Our giving strategy includes educational programs, colleague donations and volunteering.

Our signature STEM education programs connect students and colleagues through hands on and team based activities that highlight our technologies, make connections to careers in STEM and demonstrate how our company impacts the world.

To promote the generous spirit of our colleagues, our Charitable Giving Program provides a platform that allows them to contribute to causes that they feel passionately about. Through the program, employees can make direct donations to a charity of their choice, create a fundraiser - gathering greater support for a cause, or contribute to support a disaster relief campaign. Through our Employee Matching Gift program, we help employees make an even bigger impact by matching their contribution to eligible charities by 50%.

We feel it is important to support our community, throughout the year we encourage employees to take part in volunteering and charity events where our employees, together with our charity partners, take part in hands on volunteering.

The company is a part of Thermo Fisher Scientific Inc.'s global strategy to reduce our carbon footprint by 50% by 2030. As part of this global initiative we are committed to reviewing and reducing greenhouse gas emissions.

## **PATHEON UK LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

#### **Principal risks and uncertainties and financial risk management**

The management of the business is subject to a number of risks including competitive risks, legislative and regulatory risks, foreign currency exposure risks, research and development, economic and other financial risks. The mitigation of these risks has been outlined below. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of turnover and expenses during the reporting period. The company's estimates include, among others, asset reserve requirements as well as the amounts of future cash flows associated with certain assets and businesses that are used in assessing the risk of impairment.

The principal risks and uncertainties facing the company are broadly grouped as: competitive, legislative/regulatory, foreign currency exposure, research and development, economic and other financial risks.

#### **Competitive risk**

Client strategies and market trends - as a contract manufacturer and provider of outsourced services to the global pharmaceutical market, the company is dependent on our clients' outsourcing strategies on global industry trends. Any changes in our clients' strategies or changes in global trends regarding outsourcing may have an impact on our activities. These risks are minimised by the group through development of strategic partnerships with key clients and acquiring niche capabilities.

Competition - within the current competitive global market, we are encountering competition from existing or new entrants in the market. The risk of not remaining competitive is minimised (but not eliminated) through our strategic focus on competitive advantage through capabilities, service and efficiency.

There has been a trend towards industry consolidation in our markets for the past several years. We expect this trend towards industry consolidation to continue as companies attempt to strengthen or hold their market positions in an evolving industry and as companies are acquired or are unable to continue operations. We believe that industry consolidation may result in stronger competitors that are better able to compete as sole-source vendors for customers. This could lead to more variability in operating results and could harm our business.

#### **Economic Risk**

The global economy still has economic challenges. In the event of worsening economic conditions in the businesses or geographic areas in which we sell our products and/or services, demand for our products and/or services could be reduced and result in a decrease in sales volume that could have a negative impact on our results of operations. Global credit and capital markets continue to experience volatility and disruption.

## **PATHEON UK LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

#### **Principal risks and uncertainties and financial risk management (continued)**

##### **Funding risk**

Our customers include researchers at pharmaceutical and biotechnology companies, academic institutions, government laboratories and private foundations. Fluctuations in the research and development budgets of these researchers and their organisations could have a significant effect on the demand of our products. Budgets may fluctuate due to mergers of pharmaceutical and biotechnology companies, site consolidations or relocations to other parts of the globe, spending priorities, general economic conditions and institutional and governmental budgetary policies.

##### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, currency risk and interest rate cash flow risk. The company 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.

In order to ensure stability of cash out flows and hence manage interest rate risk, the company is supported by fellow group operations. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

##### **Price risk**

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

##### **Credit risk**

The company 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 continually reviewed by the senior management team.

##### **Liquidity risk**

The company aims to mitigate liquidity risk by managing cash generation by its subsidiary operations. Investment is carefully controlled, with authorisation limits operating at different levels up to group board level and with hurdle rates of return and cash payback periods applied as part of the investment appraisal process.

The company participates in the overall world-wide group's funding strategy managed at corporate treasury level. The company participates in a European cash pool. The objective is to maintain a balance between continuity of funding and flexibility.

## **PATHEON UK LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

#### **Principal risks and uncertainties and financial risk management (continued)**

##### **Commercial risk**

The company continues to improve its services in order to maintain and develop its market place penetration as evidenced by the investment in research and development of new products. The company is faced with risk of drop in demand.

##### **Risk**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of turnover and expenses during the reporting period. The company's estimates include, among others, asset reserve requirements as well as the amounts of future cash flows associated with certain assets and businesses that are used in assessing the risk of impairment.

##### **Legislative/regulatory risks**

Currently the company is regulated by various national regulatory bodies, with the main ones being Medicines and Healthcare products Regulatory Agency (MHRA) in the UK and Food and Drug Administration (FDA) in the USA. Regulatory changes may raise risks as to the company's abilities to service these markets, either impacting the company's capabilities or impacting indirectly through changes to the client's product requirements. The company is upgrading capabilities and systems continuously to ensure we meet all current and reasonably foreseeable regulatory changes.

The company has a clear, stated policy for caring for and protecting the environment, with regular audits and continuous monitoring of its activities to ensure best practices are employed for effective environmental protection. In addition to site policies, the company is also driven by corporate policies to continuously improve its waste generation and management as well as raw materials and energy consumption minimisation. ISO 14001 accreditation was maintained through 2023 without any nonconformances being raised, reinforcing the company's commitment to Environmental Standards.

##### **Research and development**

The company undertakes Research and development (R&D) activities on behalf of its clients as part of the range of services offered through its Pharmaceutical Development Services (PDS) Business Unit. These do not include any animal testing activities. The services are on a 'fee for service' basis and billed on completion of agreed milestones. The company does not enter into risk sharing deals with clients based on the success of client products, therefore the risks are minimised to collection of fees only.

##### **Foreign currency exposure**

Due to the global nature turnover, although the majority of transactions are in EUROS the company is exposed to financial foreign exchange risk, mainly for its USD denominated turnover and GBP denominated cost base. There are no currency hedges or other financial instruments in place at a company level to protect against exchange rates variations. Such risks are managed by the group's treasury function at a corporate level.

## PATHEON UK LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### Non-financial and Sustainability Information Statement

Patheon UK Ltd has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public and private sector. Patheon UK Limited has disclosed all the climate-related disclosure requirements under sections 414CA and 414CB of the Companies Act 2006.

This report is on behalf of Patheon UK Ltd, which is a subsidiary of Thermo Fisher Scientific Inc. (Thermo Fisher Scientific). This statement reflects activities and targets for Thermo Fisher Scientific, at the parent company level on behalf of the global enterprise.

We are committed to doing our part in tackling the climate crisis and exploring opportunities for our business by transitioning to a low-carbon economy. This framework has been introduced with a risk-based approach focused on the most material risks and opportunities. For further disclosures on our approach to climate change, our CDP response is available at [thermofisher.com/csr](https://thermofisher.com/csr).

#### Governance

##### Describe the Board's oversight of climate-related risks and opportunities

The Nominating and Corporate Governance Committee (the Committee) of the Thermo Fisher Scientific Board of Directors oversees strategy, risks, opportunities, and external reporting related to corporate responsibility and sustainability by reviewing and discussing relevant regulatory, governance, market or other trends within the scope of the Committee's oversight, including those related to climate. In coordination with the committee, the Audit Committee of the Board oversees public disclosures on these matters in the Company's U.S. Securities and Exchange Commission filings as well as the data quality related to such reporting.

Enterprise risk management is presented to the Board of Directors annually, following a cross-functional review, and includes climate change risk as appropriate. Individual risk topics are presented to the Board of Directors and its committees, as applicable during regularly scheduled meetings.

##### Describe management's role in assessing and managing climate-related risks and opportunities

Our Company leadership team is responsible to the Board for the management, development and performance of our business. Together with our chairman, president and CEO, the Steering Committee, a subset of the Company leadership team, oversees climate-related strategy including risk management, operations and finance, reviewing plans, risks and results on a quarterly basis. Reporting to the chief financial officer, the senior vice president, global business services, is responsible for implementation of our climate-related strategy.

Climate-related activities are managed by:

- Global Business Services responsible for climate strategy, performance and reporting and key customer engagement
- Strategy and Corporate Development responsible for climate education and sustainability reporting
- Science & Innovation responsible for embedding design for sustainability into new product development
- Legal and Risk responsible for climate risk analysis

## PATHEON UK LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### Strategy

**Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term**

Operations within the United Kingdom were identified by the S&P Global Climonomics modeling as having immaterial physical risk for all time horizons (i.e., 2020, 2030, and 2040) over the RCP 4.5 and RCP 8.5 climate scenarios.

- RCP 4.5 represents the likely scenario if current pledges and voluntary agreements of the Paris accord were implemented in full.
- RCP 8.5 is representative of a scenario which assures that no major global effort to limit greenhouse gas emissions will go into effect

Transition risks were assessed by S&P Global Climonomics to be immaterial for all time horizons (i.e., 2020, 2030, and 2040).

Opportunities were assessed by S&P Global Climonomics as minimal for all time horizons (i.e., 2020, 2030, and 2040).

**Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning**

We do not believe that climate-related risks and opportunities will have a material impact on our businesses, strategy or financial planning.

Our net-zero by 2050 commitment reflects our approach to strategically manage climate-related risks and opportunities. The influence on our financial planning can be seen in the following ways:

- We have introduced new net-zero capital guidance including:
  - A Net-Zero Building Design Guide outlining mandatory measures such as eliminating the use of fossil fuels for all new building construction and major renovation projects
  - Incorporation of greenhouse gas impacts into our capital request process requiring an exception plan for any project that adds or extends fossil fuel consumption
  - Establishment of the carbon capital plan to execute the transition of fossil fuel and high-impact refrigerant assets across the Company
- We have executed several long-term virtual power purchase agreements to secure long-term supply of renewable electricity.
- Business units are directly evaluating environmental sustainability-specific opportunities to enhance their market opportunities, which may result in a change in allocation towards climate-related initiatives.

**Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario**

Climate scenario analysis informs the resilience of our current climate strategy and helps identify if further strengthening is needed based on different climate-related scenarios.

Our short- and long-term strategies are linked to our climate targets, which are in line with the 1.5°C pathway and validated by the Science Based Targets initiative (SBTi). These targets support our Company

## PATHEON UK LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

strategy in two key areas—developing high-impact, innovative new products and delivering a unique value proposition to our customers.

#### **Risk management**

**Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management**

To inform the wider enterprise risk management process of any specific risks and opportunities posed by climate change and the transition to a low-carbon economy, we've integrated the following processes:

- We review insurance reports outlining flooding, wildfires and extreme weather risks for our Company facilities. Site-specific mitigation plans are developed to manage identified risks.
- In 2023, we conducted our first climate scenario analysis using the Climonomics platform, which identifies and assesses climate-related risks through modelling the organization's properties to quantify the effect of various impacts under different scenarios and across the coming decades. We plan to integrate this analysis into our overall enterprise risk management process to better understand the potential impact of physical and transitional risks across low-, medium- and high-case scenarios based on the Intergovernmental Panel on Climate Change's Representative Concentration Pathways.
- We engage with customers and shareholders to identify evolving expectations related to climate. Identified expectations are assessed for potential to impact revenue with action taken as deemed appropriate.

#### **Describe organization's processes for managing climate-related risks**

Climate science is clear. Urgent action is needed to avoid the worst impacts of climate change, which Thermo Fisher has prioritized as core to our Mission and integral to our business and sustainability strategies. In 2022, the Company announced a new 2030 greenhouse gas emissions reduction target to cut Scope 1 and 2 emissions from operations by more than 50% from a 2018 baseline.

Our climate target fulfills our pledge to align our climate strategy with the Paris Agreement to limit global temperature increase to 1.5°C. This represents an important milestone in our pursuit of a net-zero value chain by 2050, which includes Scope 1, 2 and 3 targets that have been validated by the SBTi.

To manage climate-related risks, we are evolving our commitments and actively developing our operational roadmap to a net-zero value chain.

- Transitioning away from fossil fuels and accelerating the adoption of renewable electricity to power our facilities. In 2023, we established a commitment to achieve 80% renewable electricity globally by 2030, in alignment with the Sustainable Markets Initiative (SMI) Health Systems Task Force joint supplier standards.
- Engaging with 90% of suppliers—our largest source of Scope 3 emissions— to set science-based targets by 2027. To help reduce emissions across our global value chain, we launched our supplier guide to decarbonization in 2023.
- At Thermo Fisher Scientific, we continually evaluate how we design, source, make, use and ship our products, as well as how we return, recycle or dispose of them at end of life. We seek out ways to improve the health and environmental impacts across the product life cycle, including sourcing better materials, implementing alternative ways to make and ship our products, and

## PATHEON UK LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

developing strong partnerships with suppliers and customers to help advance our shared sustainability goals.

As our net-zero roadmap evolves, we continue to frame our approach toward a broader range of emissions sources such as our fleet, waste generation, transportation and business travel. With insights in these areas, our colleagues and other stakeholders are critical partners in helping us achieve our goals.

#### Metrics and targets

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

- Greenhouse gas emissions, by scope and category
- Energy consumption, by type
- Percent renewable electricity and energy
- Onsite renewable generation

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.

See Streamlined Energy and Carbon Reporting disclosure


Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Our current targets:

- 90% of suppliers, by spend, to set a science-based target by 2027 (SBTi validated)
- 50.4% reduction in scope 1 and 2 emissions by 2030 from a 2018 base year (SBTi validated)
- 80% renewable electricity globally by 2030
- Net-zero emissions across scope 1, 2 and 3 by 2050 (SBTi validated)

Performance is measured at the parent company level, Thermo Fisher Scientific. Thermo Fisher Scientific is currently on track to achievement all targets.

Approved and authorised by the Board on 19 September 2024 and signed on its behalf by:

DocuSigned by:  
  
.....231F18E0E41048D.....  
E Cameron  
Director

## **PATHEON UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2023.

#### **Future developments**

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

#### **Going Concern**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of turnover and expenses during the reporting period. The company's estimates include, among others, asset reserve requirements as well as the amounts of future cash flows associated with certain assets and businesses that are used in assessing the risk of impairment.

The company meets its day-to-day working capital requirements through its bank financing arrangements.

The current economic conditions continue to create uncertainty over:

- (a) the level of demand for the company's products; and
- (b) the availability of bank finance for the foreseeable future. The company's forecasts and predictions, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current liabilities.

The bank financing arrangements of the company includes cash at bank or in hand, and cash held by group entities under the cash sweep arrangements (as reported within debtors as amounts owed by group undertakings). Amounts held within the in-house bank are repayable on demand.

The company has adequate resource to continue its operation for at least 12 months from the date of approving these financial statements. The directors have also received confirmation that Thermo Fisher Scientific Inc. will financially support the company for at least one year after these financial statements are approved and it will provide adequate funds when necessary to enable it to meet its debts as they fall due in the foreseeable future.

#### **Dividends**

The company did not pay a dividend during the year (2022: €161,700,000).

#### **Financial risk management**

Disclosures relating to these areas are included in the Strategic Report.

## **PATHEON UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

#### **Directors of the company**

The directors who held office during the year were as follows:

- E Cameron (appointed 12 June 2023)
- P Hawkins - Company secretary and director
- M Potts (resignation 31 March 2024)
- M Newton (appointed 1 October 2023)
- A Robinson (resignation 12 June 2023)

#### **Third party indemnity provision**

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) and these were in force during the year and they remain in force at the date of this report.

#### **Research and development**

The company undertakes R&D activities on behalf of its clients as part of the range of services offered through its PDS Business Unit. These do not include any animal testing activities. The services are on a 'fee for service' basis and billed on completion of agreed milestones. The company does not enter into risk sharing deals with clients based on the success of client products, therefore the risks are minimised to collection of fees only.

#### **Employees**

The company recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance and, accordingly, maintains regular communications with employees and has well established consultation arrangements that include the following:

- systematic provision of relevant information to employees;
- regular consultation with employees or their representatives so that the employees' views may be taken into account in making decisions that are likely to affect their interests;
- encouragement of employees' participation in the group's performance by employee share schemes; and;
- achieving awareness on the part of all employees of the financial and economic factors affecting the group's performance.

#### **Disabled employees**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

## **PATHEON UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

#### **Mandatory Streamlined Energy and Carbon Reporting (SECR)**

We fulfil the statutory requirements for Streamlined Energy and Carbon Reporting which includes disclosure of the company's carbon emissions. Under the Companies Act 2006 / SECR Regulations, 'Large' companies' are required to report their annual emissions in their Directors' Report.

Patheon UK Limited Streamlined Energy and Carbon Reporting statement covers the reporting period 1 January 2023 - 31 December 2023 and has been prepared in line with the requirements of the Streamlined Energy and Carbon Reporting regulations and the relevant areas of the Greenhouse Gas ('GHG') Protocol Corporate Accounting and Reporting Standard.

A 'Dual Reporting' methodology has been used to indicate emissions using UK electricity grid average emission factors (known as the 'Location Based' method), and also emissions using supplier specific generation emission factors (the 'Market Based' method).

**PATHEON UK LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

**Mandatory Streamlined Energy and Carbon Reporting (SECR) (continued)**

**GHG Emissions and Energy Data**

	2023	2022	2021
Energy consumption used to calculate emissions (kWh)	44,615,663 kWh	45,603,502 kWh	36,052,043 kWh
Emissions from combustion of fossil fuels (Scope 1)	4,020.66 tCO <sub>2</sub> e	4,495.09 tCO <sub>2</sub> e	3,624.75 tCO <sub>2</sub> e
Emissions from combustion of fuel for transport purposes (Scope 1)	161.21 tCO <sub>2</sub> e	484.04 tCO <sub>2</sub> e	490.03 tCO <sub>2</sub> e
Emissions from purchased electricity (Scope 2 Location-based)	4,349.85 tCO <sub>2</sub> e	4,159.07 tCO <sub>2</sub> e	2,803.53 tCO <sub>2</sub> e
Emissions from purchased electricity (Scope 2 Market-based)	0.00 tCO <sub>2</sub> e	0.00 tCO <sub>2</sub> e	0.00 tCO <sub>2</sub> e
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	11.96 tCO <sub>2</sub> e	14.47 tCO <sub>2</sub> e	11.33 tCO <sub>2</sub> e
Total emissions (location-based)	8,543.67 tCO <sub>2</sub> e	9,152.66 tCO <sub>2</sub> e	6,929.63 tCO <sub>2</sub> e
Total emissions (market-based)	4,193.82 tCO <sub>2</sub> e	4,993.59 tCO <sub>2</sub> e	4,126.11 tCO <sub>2</sub> e
Carbon intensity (location-based)	0.023 tCO <sub>2</sub> e/sq. ft	0.024 tCO <sub>2</sub> e/sq. ft	0.019 tCO <sub>2</sub> e/sq. ft
Carbon intensity (market-based)	0.011 tCO <sub>2</sub> e/sq. ft	0.013 tCO <sub>2</sub> e/sq. ft	0.011 tCO <sub>2</sub> e/sq. ft

**PATHEON UK LIMITED**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

**Mandatory Streamlined Energy and Carbon Reporting (SECR) (continued)**

**Energy efficiency action taken:**

**Parent company level actions**

- Thermo Fisher Scientific (Thermo Fisher) sustainability roadmap and progress towards our climate targets is publicly available at [thermofisher.com/csr](https://thermofisher.com/csr).
- In 2023, the company made substantial progress towards its climate ambitions including:
  - Approval of our near-term and net-zero targets by the Science-based Target initiative (SBTi), making Thermo Fisher one of the first companies in our sector to achieve their most ambitious designation.
  - Thermo Fisher established a commitment to achieve 80% renewable electricity globally by 2030, in alignment with the Sustainable Markets Initiative (SMI) Health Systems Task Force joint supplier standards. This follows the company's recently raised commitment to reduce Scope 1 and 2 emissions by 50% by 2030 against a 2018 baseline, as well as its plans to power all of the company's U.S. sites with 100% renewable electricity by 2026 as it works to reach net-zero emissions by 2050.

**Entity level actions**

- Achieved 100% renewable electricity coverage with Renewable Energy Guarantees of Origin (REGO).
- An energy assessment was completed onsite to evaluate energy efficiency and carbon reduction opportunities.

Sources of Greenhouse Gas Emissions		Location Based Method		Market Based Method	
		2023 consumption (kWh)	2023 emissions (tCO2e)	2023 consumption (kWh)	2023 emissions (tCO2e)
Scope 1	Fossil Fuels	21,976,088.000	4,020.660	21,976,088.000	4,020.660
	Transport (Company Cars and Company Fleet)	711,598.000	161.210	711,598.000	161.210
Scope 2	Electricity	21,880,520.000	4,349.850	21,880,520.000	-
Scope 3	Transport (Private/Rental Car Business use)	47,459.000	11.960	47,459.000	11.960
<b>Total</b>		<b>44,615,663.000</b>	<b>8,543.670</b>	<b>44,615,663.000</b>	<b>4,193.820</b>
<b>Carbon intensity: All Scope's emissions of tCO2e/£m Turnover:</b>		-	0.023	-	0.011

## **PATHEON UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

#### **Mandatory Streamlined Energy and Carbon Reporting (SECR) (continued)**

The table above provides a breakdown of the data with accompanying explanatory notes below.

#### **Qualifying information on the above data:**

- Thermo Fisher's environmental sustainability strategy has focused on transitioning away from fossil fuels and accelerating the adoption of renewable electricity.
- The scope of data presented in this report includes operations that we control. Where data is not available, estimations based on regional energy intensity factors or other existing data is used. Historical data may be subject to revision due to data source restatements and updates to methodology. There may be differences in baseline and subsequent reporting year values due to changes that require baseline adjustments conducted in accordance with the GHG Protocol.
- Data presented herein includes restated data for the 2021 and 2022 reporting year(s) to reflect methodology improvements including but not limited to:
  - Operational data collection improvements
- Data provided herein is undergoing limited assurance and may be adjusted in subsequent publicly available reports.
- GHG emission methodology is described in Thermo Fisher's CDP climate disclosure report available at [thermofisher.com/csr](https://thermofisher.com/csr).
- The calculation of carbon intensity includes all scope emissions identified in the table.

#### **Statement of directors' responsibilities in respect of the financial statements**

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

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

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

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

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

## PATHEON UK LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### Statement of directors' responsibilities in respect of the financial statements (continued)

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

#### Directors' confirmations

Each of the directors, whose names and functions are listed in Directors Report confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities, financial position and profit of the company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

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

#### Stakeholder engagement statement

For details on stakeholder engagements, please see the 'Business relationships' section of the Strategic Report.

#### Employee engagement statement

For details on employee engagements, please see the 'Our colleagues' section of the Strategic Report.

#### Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

Approved and authorised by the Board on 19 September 2024 and signed on its behalf by:

DocuSigned by:

*Euan Cameron*

.....231F19E0E41848D.....

E Cameron  
Director

# Independent auditors' report to the members of Patheon UK Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Patheon UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements, which comprise: the Balance Sheet as at 31 December 2023; the Profit and Loss Account, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Our audit approach

#### Overview

##### Audit scope

- The audit was focused at the main operating facility in Swindon where the finance function is located and a full scope audit was performed.

#### Key audit matters

- Impairment of investments

#### Materiality

- Overall materiality: Euro 11,055,500 (2022: Euro 8,577,300) based on 5% of profit before tax continuing operations, after adjusting for the impact of a one off event in relation to the termination of a customer contract.
- Performance materiality: Euro 8,291,600 (2022: Euro 6,432,000).

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment of investments</i></p> <p>Management performed an annual impairment assessment for investments as at 31 December 2023 amounting to €488,058k (2022: €488,058k) as the decline in the business of Patheon Calculus Merger LLC has been considered as an indicator of impairment. Management's assessment was performed using a value in use model. No impairment was considered necessary. As the investments balance is material and the recoverability assessment is judgmental we have considered this as a key audit matter.</p> <p>Refer Note 15</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"><li>• Evaluated the appropriateness of the methodology used by the management and ensured it complies with IAS 36 'Impairment of Assets';</li><li>• Evaluated the appropriateness of the key assumptions used by management, specifically the terminal growth rate and weighted average cost of capital. We engaged our valuation experts to perform specific procedures to assist us in our evaluation of whether these assumptions are appropriate;</li><li>• Tested the completeness and accuracy of management's cashflow models by tracing to</li></ul>

	<p>Board approved budgets. Considered the accuracy of management's forecasts by comparing historical estimates to actual performance;</p> <ul style="list-style-type: none"> <li>• Tested the mathematical accuracy of the models;</li> <li>• Performed sensitivity analysis over the weighted average cost of capital and terminal growth rate; and</li> <li>• Evaluated the disclosures in note 15.</li> </ul> <p>Based on the procedures performed, we have concluded that management's decision not to impair the investments is appropriate.</p>
--	---

**How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The audit was performed by a single engagement team with reference to all accounting records and in accordance with the centralized accounting function that management operates from their offices in Swindon, Wiltshire.

**The impact of climate risk on our audit**

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify a material impact as a result of climate risk on the financial statements.

**Materiality**

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<i>Overall company materiality</i>	Euro 11,055,500 (2022: Euro 8,577,300).
<i>How we determined it</i>	5% of profit before tax from continuing operations, after adjusting for the impact of a one-off event in relation to the termination of a customer contract.
<i>Rationale for benchmark applied</i>	Based on the benchmarks used in the annual report, profit before tax is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to Euro 8,291,600 (2022: Euro 6,432,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above Euro 552,700 (2022: Euro 428,800) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining managements' cash flow forecasts used as a basis for the going concern assessment and challenging the forecasts and assumptions applied in the model;
- Performing look-back procedures to ascertain managements' ability to forecast, including reviewing the accuracy and trends from historical data;
- Assessing the appropriateness of management's severe but plausible downside scenario in the context of the significant growth plans for the Company. We determined that management's conclusions and disclosures including applicable sensitivities were appropriate; and
- Obtaining a letter of support from Thermo Fisher Scientific Inc., the ultimate parent company, and assessing the financial position of the ultimate parent company to ensure their ability to provide adequate support as required by the Company. We did this through verifying the consolidated financial statements of the ultimate parent company for the year ended 31 December 2023 and the period ended 30 June 2024.

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

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

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

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

## **Reporting on other information**

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

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

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

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

### **Strategic report and Directors report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to pharmaceutical regulations as prescribed by regulatory bodies, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and the posting of inappropriate journals to manipulate revenue or profits. Audit procedures performed by the engagement team included:

- Enquiry of management, including considerations of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Reviewing any correspondence with relevant regulatory bodies.

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Use of this report**

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

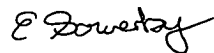
# Other required reporting

## Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Emma Sowerby (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford  
19 September 2024

**PATHEON UK LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2023**

		(As restated)	
	Note	2023 € 000	2022 € 000
Turnover	5	986,733	955,809
Cost of sales		<u>(712,642)</u>	<u>(599,086)</u>
Gross profit		274,091	356,723
Distribution costs		(8,696)	(8,733)
Administrative expenses		(131,347)	(74,057)
Other operating income	6	<u>84,290</u>	<u>-</u>
Operating profit	7	<u>218,338</u>	<u>273,933</u>
Interest receivable and Other income	8	8,742	1,671
Interest payable and similar expenses	9	<u>(12,049)</u>	<u>(20,981)</u>
		<u>(3,307)</u>	<u>(19,310)</u>
Profit before tax		215,031	254,623
Tax on profit	12	<u>(3,623)</u>	<u>(11,736)</u>
Profit for the financial year		<u><u>211,408</u></u>	<u><u>242,887</u></u>

The above results were derived from continuing operations.

**PATHEON UK LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31  
DECEMBER 2023**

	<b>Note</b>	<b>2023 € 000</b>	<b>2022 € 000</b>
Profit for the year		<u>211,408</u>	<u>242,887</u>
Actuarial loss in respect of defined benefit pension scheme	20	<u>(2,920)</u>	<u>(15,627)</u>
Deferred tax in respect of defined benefit pension scheme	20	<u>730</u>	<u>3,907</u>
Other comprehensive expense for the year, net of tax		<u>(2,190)</u>	<u>(11,720)</u>
Total comprehensive income for the year		<u><u>209,218</u></u>	<u><u>231,167</u></u>

**PATHEON UK LIMITED**

**(REGISTRATION NUMBER: 03764421)  
BALANCE SHEET AS AT 31 DECEMBER 2023**

	Note	2023 € 000	2022 € 000
<b>Fixed assets</b>			
Intangible assets	13	1,036	681
Tangible assets	14	195,342	243,340
Investments	15	488,058	488,058
		<u>684,436</u>	<u>732,079</u>
<b>Current assets</b>			
Inventories	16	1,101	8,147
Debtors	17	1,017,569	512,485
Pension assets	20	2,926	5,800
Cash at bank and in hand		-	281,666
		<u>1,021,596</u>	<u>808,098</u>
<b>Creditors: Amounts falling due within one year</b>	18	<u>(440,878)</u>	<u>(433,628)</u>
<b>Net current assets</b>		<u>580,718</u>	<u>374,470</u>
<b>Total assets less current liabilities</b>		1,265,154	1,106,549
<b>Creditors: Amounts falling due after more than one year</b>	18	(453,446)	(503,081)
<b>Provisions for liabilities</b>	19	<u>(4,793)</u>	<u>(6,228)</u>
<b>Net assets</b>		<u>806,915</u>	<u>597,240</u>
<b>Capital and reserves</b>			
Called up share capital	21	128	128
Share premium account	22	176,911	176,911
Other reserves		42,957	42,957
Retained earnings		<u>586,919</u>	<u>377,244</u>
<b>Total equity</b>		<u>806,915</u>	<u>597,240</u>

Approved and authorised by the Board on 19 September 2024 and signed on its behalf by:

DocuSigned by:

*Euan Cameron*

231F19E0E41848D.....

E Cameron  
Director

The notes on pages 30 to 62 form an integral part of these financial statements.

**PATHEON UK LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital € 000	Share premium account € 000	Foreign currency translation € 000	Other reserves € 000	Retained earnings € 000	Total € 000
At 1 January 2023	128	176,911	(190)	43,147	377,244	597,240
Profit for the year	-	-	-	-	211,408	211,408
Other comprehensive income	-	-	-	-	(2,190)	(2,190)
Total comprehensive income	-	-	-	-	209,218	209,218
Charge from parent for equity-settled share-based payments	-	-	-	-	457	457
At 31 December 2023	128	176,911	(190)	43,147	586,919	806,915
	Called up share capital € 000	Share premium account € 000	Foreign currency translation € 000	Other reserves € 000	Retained earnings € 000	Total € 000
At 1 January 2022	128	176,911	(190)	43,147	307,039	527,035
Profit for the year	-	-	-	-	242,887	242,887
Other comprehensive income	-	-	-	-	(11,720)	(11,720)
Total comprehensive income	-	-	-	-	231,167	231,167
Dividends (Note 24)	-	-	-	-	(161,700)	(161,700)
Charge from parent for equity-settled share-based payments	-	-	-	-	738	738
At 31 December 2022	128	176,911	(190)	43,147	377,244	597,240

- Other reserves represents the capital contributions received from parent companies within the group.
- Foreign currency translation reserve arose on translation from GBP to EURO reporting currency effective from 1 November 2014.
- Retained earnings represents accumulated comprehensive income for the current financial year and prior financial years less any dividends paid.

The notes on pages 30 to 62 form an integral part of these financial statements.

## **PATHEON UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **1 General information**

These financial statements were authorised for issue by the Board on 19 September 2024.

Patheon UK Limited ('the company') provides commercial manufacturing and development services for prescription and over-the-counter drugs to the international pharmaceutical and biotechnology industry. The company has manufacturing and development facilities in the UK and sells primarily to Europe and the United States.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom and registered in England. The address of its registered office is Kingfisher Drive, Covingham, Swindon, Wiltshire, SN3 5BZ.

#### **2 Statement of compliance**

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

#### **3 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

These financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 3 Accounting policies (continued)

##### Going concern

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of turnover and expenses during the reporting period. The company's estimates include, among others, asset reserve requirements as well as the amounts of future cash flows associated with certain assets and businesses that are used in assessing the risk of impairment.

The company meets its day-to-day working capital requirements through its bank financing arrangements.

The current economic conditions continue to create uncertainty over:

- (a) the level of demand for the company's products; and
- (b) the availability of bank finance for the foreseeable future. The company's forecasts and predictions, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current liabilities.

The bank financing arrangements of the company includes cash at bank or in hand, and cash held by group entities under the cash sweep arrangements (as reported within debtors as amounts owed by group undertakings). Amounts held within the in-house bank are repayable on demand.

The company has adequate resource to continue its operation for at least 12 months from the date of approving these financial statements. The directors have also received confirmation that Thermo Fisher Scientific Inc. will financially support the company for at least one year after these financial statements are approved and it will provide adequate funds when necessary to enable it to meet its debts as they fall due in the foreseeable future.

##### Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions.

##### *Cash flow statement and related party disclosures*

The company is included in the consolidated financial statements of Thermo Fisher Scientific Inc. which are publicly available. Consequently, as the company is a 100% owned subsidiary, the company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Thermo Fisher Scientific Inc., includes the company's cash flows in its own consolidated financial statements.

The company is also exempt under the terms of FRS 102 paragraph 33.1 from disclosing related party transactions with entities that are part of the Thermo Fisher Scientific Inc. group (see note 27).

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 3 Accounting policies (continued)

##### Exemptions for qualifying entities under FRS 102 (continued)

###### *Key Management Compensation*

The company has taken advantage of the exemption under FRS 102 para 33.7 from disclosing its key management personnel compensation in total as this is disclosed in full in the consolidated group financial statements.

###### *Share-based payments*

The company has taken advantage of the exemption under FRS 102 para 26.16 where the company is a member of a group share-based payment arrangement and where the company's expense is based on a reasonable allocation and disclosed in full in the consolidated group financial statements.

###### *Consolidated financial statements*

The financial statements contain information about Patheon UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Thermo Fisher Scientific Inc., a company incorporated in the United States of America (see note 29). The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Thermo Fisher Scientific Inc.. The address of the ultimate parent's registered office is 168 Third Avenue, Waltham, MA 02451, USA.

##### Foreign currency

###### *(i) Functional and presentation currency*

The company's functional and presentation currency is the Euro.

###### *(ii) Transactions and balances*

Transactions in foreign currencies are translated into Euro at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transactions is included as an exchange gain or loss in the Profit and Loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary items measured at historical costs are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses are presented in the profit and loss account within Operating profit.

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 3 Accounting policies (continued)

##### Turnover recognition

Turnover is recognised when services are completed in accordance with specific agreements with clients and when all costs connected with these services have been incurred, the price is fixed & determinable and collection is reasonably assured.

For PDS, service turnover is recognised on the achievement of specific milestones in accordance with the relevant service contracts. Client deposits on PDS in progress are included in Deferred income.

For Drug Product Manufacturing Services (DPS), turnover is recognised when services are complete and the batch has been shipped and the risks and rewards of ownership of the goods have passed to the buyer.

Where contractually obligated clients are charged stage payments for project work and this is included in Deferred income and recognised as turnover on achievement of specific milestones.

Turnover and related expenses are recognised for in progress orders based on the stage of completion of work in progress (WIP) using standard costs according to the stage reached.

##### Interest income/expense

Intercompany interest income/expense is recognised using the rates identified in the intercompany loan agreements.

##### Employee benefits

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

###### *(i) Short term benefits*

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

###### *(ii) Defined contribution pension plans*

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

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the balance sheet.

###### *(iii) Defined benefit pension plan and Post Retirement Medical Benefit Plan*

The company operates a defined benefit pension scheme which is closed to future accrual from which time membership of the defined contribution plan is available.

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 3 Accounting policies (continued)

##### Employee benefits (continued)

The company also provides additional post retirement medical benefits to retired employees. These benefits are unfunded.

Defined benefit and post retirement medical benefit plans are post-employment benefit plans other than defined contribution plans. Under such plans, the entity's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the entity. If actuarial or investment experience is worse than expected, the entity's obligation may be increased, and vice versa if actuarial or investment experience is better than expected.

In applying the general recognition principle to both plans, an entity shall recognise:

- (a) a liability for its obligations under the post employment benefit plans net of plan assets - its 'net defined benefit liability'; and
- (b) the net change in that liability during the period as the cost of its post employment benefit plans during the period.

An entity shall measure the net liability for its obligations under post employment benefit plans at the net total of the following amounts:

- (a) the present value of its obligations under post employment benefit plans (its obligation) at the reporting date; minus
- (b) the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled.

An entity shall measure its obligation on a discounted present value basis. The entity shall determine the rate used to discount the future payments by reference to market yields at the reporting date on high quality corporate bonds. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated period of the future payments.

An entity shall recognise the cost of a post employment benefit plan, except to the extent that another section of this FRS requires part or all of the cost to be recognised as part of the cost of an asset, as follows:

- (a) the change in the net liability arising from employee service rendered during the reporting period in profit or loss;
- (b) net interest on the net liability during the reporting period in profit or loss;
- (c) the cost of plan introductions, benefit changes, curtailments and settlements in profit or loss; and
- (d) remeasurement of the net liability in other comprehensive income.

##### Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 3 Accounting policies (continued)

##### Share-based payments

Where the company participates in a share-based payment arrangement established by a group company the company takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The company recognises the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees. The corresponding credit is recognised in retained earnings as a component of equity.

Where the company is charged for the cost of share-based payments arrangements the amounts are treated as a reduction to retained earnings.

These financial statements include no disclosure in regards to share-based payments as the company has taken advantage of the exemption under FRS 102 para 26.16.

##### Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 3 Accounting policies (continued)

##### Intangible assets

###### *Software*

Software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of 3 years, on a straight line basis.

Where factors, such as technological advancement or changes in the market price, indicate that residual value or useful life have changes, the residual value, useful life or amortization rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

##### Tangible assets

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and costs attributable to bringing the asset into its working condition for its intended use.

###### *Land and buildings*

Land and buildings include freehold and leasehold factories and offices. Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

###### *Plant and machinery and fixtures, fittings, tools and equipment*

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

###### *Depreciation and residual values*

Freehold land is not depreciated.

The fixed assets have been depreciated on a straight line basis at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its expected useful economic life in the company's business, and the rates are as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Land	No depreciation
Buildings - Freehold	40 years
Buildings - Short Leasehold	The lower of 20 years and the life of the lease
Plant and machinery	Up to 10 years
Construction in progress	No depreciation until transferred to leasehold property or plant & machinery

## **PATHEON UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

#### **3 Accounting policies (continued)**

##### **Tangible assets (continued)**

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

##### *Subsequent additions and major components*

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

##### *Derecognition*

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (expense)/income'.

##### **Leased assets**

##### *Operating leased assets*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

##### **Investments**

Investments held as fixed assets are stated at cost less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of either impairment or the reversal of an existing impairment.

##### **Inventories**

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 3 Accounting policies (continued)

##### Inventories (continued)

The company uses a local standard costing method to determine cost. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

##### Cash and cash equivalents

Cash and cash equivalents includes cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### Provisions and contingencies

###### *Provisions*

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

- (i) Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- (ii) Provision is not made for future operating losses.
- (iii) Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

## **PATHEON UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

#### **3 Accounting policies (continued)**

##### **Provisions and contingencies (continued)**

###### *Contingencies*

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

###### **Financial instruments**

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

###### *Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 3 Accounting policies (continued)

##### Financial instruments (continued)

###### *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in the profit and loss account as an interest expense.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised at transaction price.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

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

###### *Offsetting*

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

##### **Share capital**

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

##### **Share Premium**

The share premium account is classified as equity. The share premium account represents the value paid by the shareholder in excess of the par value of share capital issued. This account can be used to write off equity-related expenses, such as underwriting costs, and may also be used to issue bonus shares.

## **PATHEON UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

#### **3 Accounting policies (continued)**

##### **Distributions to equity holders**

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

##### **Related party transactions**

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

#### **4 Critical accounting judgements and estimation uncertainty**

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

##### **(a) Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

###### **(i) Impairment of investments**

The company makes an estimate of the recoverable value of investment in its subsidiary companies. When conducting reviews for investment impairment triggers, the carrying value of investments is compared to estimated recoverable amounts, represented by the net assets of the investments held. See note 15 for the carrying amount of the investments and any associated impairment provision. There were no adjustments to the carrying value of investments during the year.

###### **(ii) Defined benefit pension scheme**

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 20 for the disclosures relating to the defined benefit pension scheme.

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2023 (CONTINUED)**

**5 Turnover**

The analysis of the company's turnover for the year from continuing operations by nature is as follows:

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Rendering of services	<u>986,733</u>	<u>955,809</u>

The analysis of the company's turnover for the year by geography is as follows:

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
United Kingdom	54,437	36,969
Rest of Europe	647,967	503,122
Rest of World	<u>284,329</u>	<u>415,718</u>
	<u>986,733</u>	<u>955,809</u>

**6 Other operating income**

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

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Other operating income	<u>84,290</u>	<u>-</u>

Other operating income includes compensation as a result of the early termination of a contract by a customer during the year.

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 7 Operating profit

Arrived at after charging/(crediting)

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Loss on disposal of tangible fixed assets	5	16
Impairment/(reversal of impairment) of trade debtors	(887)	1,308
Impairment/(reversal of impairment) of inventory (included in 'cost of sales')	9,669	9,267
Operating lease charges - Plant and machinery	148	177
Amortisation of intangible assets	278	146
Depreciation of tangible fixed assets	13,121	7,350
Foreign exchange loss/(gain)	(4,160)	1,069
Audit fees payable to the company's auditors	372	302
Research and development expenditure	3,701	4,237
Impairment of tangible fixed assets	50,247	-

*No non audit services provided by the statutory auditors of the company.*

#### 8 Interest receivable and Other income

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Interest income on financial assets	273	419
Interest income on bank deposits	23	5
Interest receivable from group undertakings	8,446	1,247
	<u>8,742</u>	<u>1,671</u>

#### 9 Interest payable and similar expenses

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Interest on bank overdrafts and borrowings	41	478
Interest on preference shares	-	104
Interest payable on loans from group undertakings	12,008	20,399
	<u>12,049</u>	<u>20,981</u>

#### 10 Directors' remuneration

The directors' remuneration for the year was as follows:

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 10 Directors' remuneration (continued)

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Aggregate emoluments	696	685
Company contributions to defined contribution pension scheme	38	35
	<u>734</u>	<u>720</u>

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Received or were entitled to receive shares under long term incentive schemes	5	3
Exercised options over shares of Thermo Fisher Scientific Inc.	<u>4</u>	<u>3</u>

In respect of the highest paid director:

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Total emoluments and amounts (excluding shares) receivable under long-term incentive schemes	252	271
Company contributions to defined contribution pension scheme	11	11
	<u>263</u>	<u>282</u>

The highest paid director did exercise share options over shares in Thermo Fisher Scientific Inc. during 2023 (2022: did exercise share options).

#### 11 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Wages and salaries	36,875	35,480
Social security costs	3,490	2,571
Pension costs, defined benefit scheme	405	438
Share-based payment expenses	458	738
	<u>41,228</u>	<u>39,227</u>

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

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2023 (CONTINUED)**

**11 Staff costs (continued)**

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Production	236	289
Administration and support	317	380
	<u>553</u>	<u>669</u>

**12 Taxation**

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

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
<b>Current taxation</b>		
UK corporation tax	3,233	1,295
UK corporation tax adjustment to prior periods	1,094	269
	<u>4,327</u>	<u>1,564</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(5,438)	2,278
Arising from changes in tax rates and laws	(342)	720
Adjustments in respect of prior years	5,076	7,174
Total deferred taxation	<u>(704)</u>	<u>10,172</u>
Tax expense in the income statement	<u>3,623</u>	<u>11,736</u>

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

**12 Taxation (continued)**

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2022 - lower than the standard rate of corporation tax in the UK) of 23.52% (2022 - 19.00%).

The differences are reconciled below:

	(As restated)	
	2023 € 000	2022 € 000
Profit before tax	<u>215,031</u>	<u>254,623</u>
Corporation tax at standard rate	50,576	48,378
Decrease from effect of different UK tax rates on some earnings	(342)	-
Increase from effect of joint-ventures and associates results reported net of tax	94	-
Effect of income exempt from taxation	(32)	(57)
Effect of expense not deductible in determining taxable profit (tax loss)	3,518	663
Deferred tax expense relating to changes in tax rates or laws	-	720
Increase in UK and foreign current tax from adjustment for prior periods	6,170	7,443
Tax decrease from effect of exercise of employee share options	-	(61)
Tax decrease arising from group relief	(56,361)	(46,187)
Tax increase from transfer pricing adjustments	<u>-</u>	<u>837</u>
Total tax charge	<u>3,623</u>	<u>11,736</u>

The company's profit for accounting year ended 31 December 2023 was taxed at an effective rate of 23.52% (2022 : 19.00%).

Factors that may affect future tax charges:

In the spring budget on 3 March 2021 it was announced that the UK Corporation Tax rate would increase to 25% with effect from 1 April 2023.

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2023 (CONTINUED)**

**13 Intangible assets**

	<b>Other intangible assets € 000</b>
<b>Cost or valuation</b>	
At 1 January 2023	3,210
Additions acquired separately	<u>633</u>
At 31 December 2023	<u>3,843</u>
<b>Accumulated amortisation</b>	
At 1 January 2023	2,529
Amortisation charge	<u>278</u>
At 31 December 2023	<u>2,807</u>
<b>Carrying amount</b>	
At 31 December 2023	<u><u>1,036</u></u>
At 31 December 2022	<u><u>681</u></u>

Other intangible assets is made up of computer software that include the company's ERP, inventory management system and production machinery software.

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

**14 Tangible assets**

	Land € 000	Buildings € 000	Plant and machinery € 000	Construction in progress € 000	Total € 000
<b>Cost</b>					
At 1 January 2023	2,502	91,321	111,041	118,803	323,667
Additions	-	-	-	16,996	16,996
Disposals	-	-	(1,364)	(982)	(2,346)
Transfers	-	19,125	52,028	(71,786)	(633)
At 31 December 2023	<u>2,502</u>	<u>110,446</u>	<u>161,705</u>	<u>63,031</u>	<u>337,684</u>
<b>Accumulated depreciation</b>					
At 1 January 2023	-	31,727	48,600	-	80,327
Charge for the year	-	4,709	8,412	-	13,121
Eliminated on disposal	-	-	(1,353)	-	(1,353)
Impairment	-	9,792	40,455	-	50,247
At 31 December 2023	<u>-</u>	<u>46,228</u>	<u>96,114</u>	<u>-</u>	<u>142,342</u>
<b>Net book value</b>					
At 31 December 2023	<u>2,502</u>	<u>64,218</u>	<u>65,591</u>	<u>63,031</u>	<u>195,342</u>
At 31 December 2022	<u>2,502</u>	<u>59,594</u>	<u>62,441</u>	<u>118,803</u>	<u>243,340</u>

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

**14 Tangible assets (continued)**

Within Plant and machinery are assets that were presented as Fixtures and fittings in the 2022 Financial Statements

The net book value of Fixtures and fittings is €16,535,000 (2022: €17,970,000)

Transfers includes costs identified as software and transferred to intangible assets as additions in note 12

The net book value of Buildings - Freehold is €63,618,000 (2022: €59,031,000)

The net book value of Buildings - Short Leasehold is €600,000 (2022: €563,000)

**Impairment of Tangible assets**

A Fixed Asset impairment charge of €50,247,000, that were specific to the client's manufacturing process and did not have an alternative use, was made during the year as the client contract was terminated.

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

**15 Investments**

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Investments in subsidiaries	<u>488,058</u>	<u>488,058</u>
<b>Subsidiaries</b>		<b>€ 000</b>
<b>Cost</b>		
At 1 January 2023		<u>539,496</u>
<b>Provision for impairment</b>		
At 1 January 2023		<u>51,438</u>
<b>Net book value</b>		
At 31 December 2023		<u>488,058</u>
At 31 December 2022		<u>488,058</u>
<b>Analysed as:</b>		
	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Patheon UK Pension Trustees Limited	-	-
Thermo Fisher Scientific (PN) UK LLC	22	22
Thermo Fisher Scientific (PN) UK Limited Partnership	2,131	2,131
Patheon Calculus Merger LLC	<u>485,905</u>	<u>485,905</u>
	<u>488,058</u>	<u>488,058</u>

As a result of the 2023 review it was decided to maintain the net carrying value of the investments. The directors believe that the net carrying value of the investments are supported by its future cash flows.

The recoverable amount was determined based on the value-in-use calculation. This calculation used pre tax projections based on the financial expectations provided by the business and covering the next financial year and estimates for the following five financial years. Long term cashflows beyond this period are extrapolated using estimated long term growth rate of 3% (2022: 2%) as an estimate. The assumed pre tax weighted average cost of capital of the remaining investments is 8.86% (2022: 7.94%).

Having applied the above methodology and assumptions, the company has not recognised an impairment (2022: €Nil) during the year. The assumptions to which the value-in-use is most sensitive to are the discount rate of Patheon U.S. Holdings Inc. An increase in the discount rate of 1% (2022: 1%) would result in an impairment of €108,070,000 (2022: €69,088,000) of the investments. A decrease in the terminal growth rate of 1% (2022: 1%) would result in an impairment of €30,233,000 (2022: €49,405,000).

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 15 Investments (continued)

##### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2023	2022
Patheon UK Pension Trustees Limited	3rd Floor 1 Ashley Road, Altrincham, Cheshire, WA14 2DT, United Kingdom UK	Ordinary	100.00%	100.00%
Thermo Fisher Scientific (PN) UK LLC	1675 South State Street, Suite B, Dover, Delaware 19901, United States US	Ordinary	100.00%	100.00%
Thermo Fisher Scientific (PN) UK Limited Partnership	1675 South State Street, Suite B, Dover, Delaware 19901, United States UK	N/A	99.00%	99.00%
Patheon Calculus Merger LLC	1675 South State Street, Suite B, Dover, Delaware 19901, United States US	Ordinary	100.00%	100.00%

##### Subsidiary undertakings

###### *Patheon UK Pension Trustees Limited*

The principal activity of Patheon UK Pension Trustees Limited is Dormant.

###### *Thermo Fisher Scientific (PN) UK LLC*

The principal activity of Thermo Fisher Scientific (PN) UK LLC is Trading.

###### *Thermo Fisher Scientific (PN) UK Limited Partnership*

The principal activity of Thermo Fisher Scientific (PN) UK Limited Partnership is Holding Company.

###### *Patheon Calculus Merger LLC*

The principal activity of Patheon Calculus Merger LLC is Holding Company.

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2023 (CONTINUED)**

**15 Investments (continued)**

The company also indirectly owns the following subsidiaries under Patheon Calculus Merger LLC.

	<b>Incorporated in</b>	<b>Percentage held</b>	<b>Activity</b>
Patheon Puerto Rico, Inc.*	Puerto Rico+	100 %	Trading
Patheon Puerto Rico Acquisitions Corporation **	Puerto Rico+	100 %	Holding company
Ceph International Corporation **	Puerto Rico+	100 %	Non-trading
Patheon U.S. Holdings Inc.*	US++	100 %	Holding company
Patheon Pharmaceuticals Inc ***	US++	100 %	Non-trading
Patheon Pharmaceutical Services Inc ***	US++	100 %	Trading
Patheon Banner U.S. Holdings Inc.***	US++	100 %	Holding company
Patheon Softgels Inc. ****	US++	100 %	Trading
Pharmacaps Mexicana S.A. de C.V.****	US++	100 %	Trading

Investments held via \*Patheon Calculus Merger LLC \*\*Patheon Puerto Rico, Inc

\*\*\* Patheon U.S. Holdings Inc. \*\*\*\*Patheon Banner U.S. Holdings Inc.

**Registered office:**

+ C/O CT Corporation System 361 San Francisco Street San Juan, Puerto Rico 00901

++1675 South Street, Suite B, Dover, DE, 19901 USA

+++ Circuito Centro Civico No. 27 Col. Ciudad Satélite Naucalpan de Juarez, Estado de México, México C.P. 53100

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 16 Inventories

	2023 € 000	2022 € 000
Raw materials and consumables	1,101	8,063
Work in progress	-	15
Finished goods and goods for resale	-	69
	<u>1,101</u>	<u>8,147</u>

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

Inventories are stated after provisions for impairment of €22,052,000 (2022: €12,383,000).

#### 17 Debtors

	2023 € 000	2022 € 000
<b>Due within one year</b>		
Trade debtors	160,545	210,457
Other debtors	7,660	8,670
Prepayments	3,136	2,004
Gross amount due from customers for contract work	161,630	209,699
Deferred contract costs	61,471	77,390
Derivative financial instruments	92	313
Amounts owed by group undertakings	623,035	3,952
	<u>1,017,569</u>	<u>512,485</u>

#### Trade debtors

- The trade debtors figure is shown after applying a doubtful debt provision of €1,456,000 (2022: €2,437,000)

#### Other debtors

- Within Other debtors are tax recoverable assets totalling €2,423,000 (2022: €3,477,000)

#### Amounts owed by group undertakings

- Within the amounts owed by group undertakings is a balance of €620,044,000 (2022: €nil) which represents the in-house bank account balance, on which quarterly interest at a rate of LIBOR plus 0.5% is received. This is repayable on demand at any given time.

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 17 Debtors (continued)

- All other amounts owed by group undertakings are unsecured and are repayable on demand.

#### 18 Creditors

	2023 € 000	2022 € 000
<b>Due within one year</b>		
Trade creditors	9,849	15,969
Amounts owed to group undertakings	251,782	263,735
Social security and other taxes	881	974
Outstanding defined contribution pension costs	269	318
Accruals	23,266	11,660
Deferred income	154,831	140,972
	<u>440,878</u>	<u>433,628</u>
<b>Due after one year</b>		
Deferred income	90,304	139,939
Amounts owed to group undertakings	360,588	360,588
Preference shares	2,554	2,554
	<u>453,446</u>	<u>503,081</u>

#### Preference shares

The preference shares were issued at par. On 25 July 2022 the shareholders' irrevocably and unconditionally waived their right to a dividend of 6% per annum payable half yearly in April and October. There are no specific repayment terms except on a winding up of the company where the preference shareholders have the right to receive, in preference to ordinary shareholders, £1 per share plus any accrued dividend. The preference shares carry voting rights at meetings of 1 vote per share whereas the ordinary shares carry 100 votes per share. Preference shares have been classified as debt rather than equity on the basis that dividend payments are non-discretionary.

#### Amounts owed to group undertakings

The amounts owed to group undertakings includes:

- Loans of €360,588,000 (2022: €360,588,000) from Thermo Fisher Scientific (PN-I) SRL currently shown in amounts due after one year. The debt has a maturity date of 29 August 2032, with interest payable at 3.33%.
- All other amounts owed by group undertakings are unsecured and are repayable on demand.

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

**19 Provisions for liabilities**

	<b>Deferred tax € 000</b>
At 1 January 2023	6,228
Provisions used	<u>(1,435)</u>
At 31 December 2023	<u>4,793</u>

In the spring budget on 3 March 2021 it was announced that the UK Corporation Tax rate would increase to 25% with effect from 1 April 2023. Therefore at the balance sheet date deferred tax is measured at the rate that will be enacted or substantively enacted on the date when the underlying temporary differences are expected to unwind.

**20 Pension and other schemes**

**Defined contribution pension scheme**

The company operates a defined contribution pension scheme with contributions paid separately to administered funds. The total contributions paid during the year were €4,470,000 (2022: €4,397,000)

The liability at the end of the year for the contributions payable to the defined contribution scheme is €269,000

**Defined benefit pension schemes**

The Patheon UK Pension Plan, a defined benefit scheme, was established by the company following the acquisition by Patheon UK Limited of the Hoechst Marion Roussel Swindon facility. The valuation of the scheme for these financial statements has been based on the most recent full actuarial valuation as at 31 March 2021. Scheme assets are stated at their market values at the respective balance sheet dates.

There were no contributions due or paid to the Patheon UK Pension plan in the year ended 31 December 2023 (2022: €Nil). The company does not expect to pay into the pension scheme in the year ended 31 December 2024.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	<b>2023 € 000</b>	<b>2022 € 000</b>
Fair value of scheme assets	62,593	62,258
Present value of defined benefit obligation	<u>(59,667)</u>	<u>(56,458)</u>
Defined benefit pension scheme surplus	<u>2,926</u>	<u>5,800</u>

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2023 (CONTINUED)**

**20 Pension and other schemes (continued)**

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

	<b>2023</b>	<b>2022</b>
	%	%
Discount rate	4.51	4.76
Future pension increases	2.87	2.96
RPI Inflation	2.99	3.11
Price inflation (CPI)	<u>2.39</u>	<u>2.51</u>

**Post retirement mortality assumptions**

	<b>2023</b>	<b>2022</b>
	Years	Years
Current UK pensioners at retirement age - male	86.1	86.3
Current UK pensioners at retirement age - female	87.9	88.0
Future UK pensioners at retirement age - male	87.4	87.6
Future UK pensioners at retirement age - female	<u>89.3</u>	<u>89.5</u>

The actuarial loss on the liabilities is made up of a loss in respect of the change of assumptions and no experience gain or loss.

**Amounts recognised in the income statement**

	<b>2023</b>	<b>2022</b>
	€ 000	€ 000
<b>Amounts recognised in operating profit</b>		
Administration expenses	341	340
<b>Amounts recognised in finance income or costs</b>		
Interest expense on pension liability	2,689	1,761
Interest income	<u>(2,962)</u>	<u>(2,180)</u>
Recognised in other finance cost	<u>(273)</u>	<u>(419)</u>
Total recognised in the profit and loss account	<u>68</u>	<u>(79)</u>

Amounts taken to the Statement of Comprehensive Income

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2023 (CONTINUED)**

**20 Pension and other schemes (continued)**

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
(Loss)/gain on assets during the year	(1,346)	(48,903)
Change in assumptions for the valuation of liabilities	(1,574)	33,276
Amounts recognised in the Statement of Comprehensive Income	<u>(2,920)</u>	<u>(15,627)</u>

**Defined benefit obligation**

Changes in the defined benefit obligation are as follows:

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Present value at start of year	(56,458)	(94,479)
Interest expense	(2,689)	(1,761)
Actuarial (loss)/gain	(1,574)	33,276
Exchange differences	(1,111)	4,584
Benefits paid	2,165	1,922
Present value at end of year	<u>(59,667)</u>	<u>(56,458)</u>

**Fair value of scheme assets**

Changes in the fair value of scheme assets are as follows:

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Fair value at start of year	62,258	116,915
Interest income	2,962	2,180
Actuarial gains and losses	(1,346)	(48,903)
Foreign exchange differences	1,225	(5,672)
Benefits paid	(2,165)	(1,922)
Administration costs incurred	(341)	(340)
Fair value at end of year	<u>62,593</u>	<u>62,258</u>

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
DECEMBER 2023 (CONTINUED)**

**20 Pension and other schemes (continued)**

Actual return on assets

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Interest income on scheme assets	<u>1,616</u>	<u>(46,722)</u>

The fair value of the plan assets was:

	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>€ 000</b>	<b>%</b>	<b>€ 000</b>	<b>%</b>
Growth funds	30,000	48	30,465	49
Matching funds	31,894	51	31,333	50
Cash	<u>699</u>	<u>1</u>	<u>460</u>	<u>1</u>
Total scheme assets	<u>62,593</u>	<u>100</u>	<u>62,258</u>	<u>100</u>

None of the Scheme assets are invested in the company's financial instruments or in property occupied by, or other asset used by, the company.

**21 Called up share capital**

**Allotted, called up and fully paid shares**

	<b>2023</b>		<b>2022</b>	
	<b>No.</b>	<b>€</b>	<b>No.</b>	<b>€</b>
Ordinary Shares of £1 each	<u>100,004</u>	<u>128,000</u>	<u>100,004</u>	<u>128,000</u>

**22 Share premium account**

	<b>2023</b>	<b>2022</b>
	<b>€ 000</b>	<b>€ 000</b>
Share premium account	<u>176,911</u>	<u>176,911</u>

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 23 Share-based payments

The company has taken advantage of an exemption under FRS 102 para 26.16 where the company is a member of a group share-based payment arrangement and where the company's expense is based on a reasonable allocation and disclosed in full in the consolidated group financial statements.

Where the company participates in a share-based payment arrangement established by a group company the company takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The company recognises the share based payment expense based on location of its share of the group's total expense, calculated in proportion to the number of participating employees. The corresponding credit is recognised in retained earnings as a component of equity.

Where the company is charged the cost of share-based payments arrangements are treated as a reduction to retained earnings.

These financial statements include no disclosure in regards to share-based payments because of the exemption in place.

#### 24 Dividends

	2023 € 000	2022 € 000
Final dividends	-	(161,700)
Total dividends	-	(161,700)

#### 25 Capital and other commitments

The company had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2023 € 000	2022 € 000
<b>Land and buildings</b>		
Within one year	216	208
Within two to five years	350	831
After five years	-	862
	<u>566</u>	<u>1,901</u>
<b>Plant and machinery</b>		
Within one year	-	1

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

Amounts contracted for but not provided in the financial statements amounted to €7,318,000 (2022: €13,842,000).

**26 Contingent assets and liabilities**

The company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. No liability is expected to arise under this arrangement.

The company receives a recharge from the ultimate parent in respect of share-based payment awards. This recharge is recorded in the financial statements when it is paid. The recharge is based on the exercise of awards by employees, so the timing and amount of the recharge for future years is reliant on uncertain future events, and the liability is therefore disclosed as contingent.

At 31 December 2023, the company had letters of credit totalling £500,000 (2022: £500,000) in favour of HM Revenue and Customs.

**27 Related party transactions**

See Note 10 for disclosure of the directors' remuneration and key management compensation.

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

**28 Financial instruments**

	Note	2023 € 000	2022 € 000
<b>Financial assets that are debt instruments measured at amortised cost</b>			
Trade receivables	17	162,001	212,894
Amounts owed by group undertakings	17	623,035	3,952
Other receivables	17	228,426	292,595
		<u>1,013,462</u>	<u>509,441</u>
	Note	2023 € 000	2022 € 000
<b>Financial liabilities measured at amortised cost</b>			
Trade payables	18	9,849	15,969
Amounts owed to group undertakings	18	612,370	624,323
Accrued expenses	18	23,266	11,660
Preference shares	18	2,554	2,554
		<u>648,039</u>	<u>654,506</u>

## PATHEON UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

#### 28 Financial instruments (continued)

##### Derivative financial instruments - Forward foreign currency contracts

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables and payables. At 31 December 2023, the outstanding contracts all mature within 1 month (2022: 1 months) of the year end.

#### 29 Controlling parties

The company's immediate parent undertaking is Thermo Fisher Scientific (PN1) UK Limited whose registered office is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire WA14 2DT.

The ultimate parent undertaking and controlling party is Thermo Fisher Scientific Inc. which is the largest and smallest group to consolidate these financial statements. The company is incorporated in the United States of America and its common stock is listed on the New York Stock Exchange. Copies of the financial statements of the ultimate parent company are publicly available and can be obtained from its headquarters at 168 Third Avenue, Waltham, MA 02451, USA.

#### 30 Post balance sheet events

In October 2023 it was announced that the Milton Park facility would close, with customer contracts being transferred to the Patheon France SAS facility and Patheon UK Limited still acting as principal. The number of staff affected by the closure is 44 with a severance cost of €1,789,000 recognised in 2023 with all staff exiting and facility closed by June 2024.

#### 31 Settlement of customer contract

During the year, the company terminated an agreement with one of its customers. As a result, the company released all the deferred turnover related to the agreement from the balance sheet to the Profit and Loss Account and accounted for it as Other operating Income, together with settlement fees. All other related expenses amounting to €90,932,000 have been recognised in the Profit and Loss Account under different financial statement line items (FSLI), as detailed below:

Nature of expenses	FSLI	Amount (€ 000)
Deferred Costs	Cost of Sales	29,875
Impairment Charge	Administrative expenses	50,247
Inventory reserve	Cost of Sales	10,810
		<b>90,932</b>

**PATHEON UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

**32 Prior year restatement**

During 2023, management reviewed its mapping of expenses between Cost of Sales, Distribution Costs, and Other Operating Expenses. During the review, it noted that some expenses were erroneously mapped. As a result, the Company has restated the 2022 comparative numbers to accurately reflect these expenses by function. Please refer to the table below for the summary of restatements along with the revised Financial statement line item (FSLI) mapping:

<b>FSLI</b>	<b>As previously reported 2022 € 000</b>	<b>Adjustment 2022 € 000</b>	<b>As restated 2022 € 000</b>
Cost of sales	(555,350)	(43,736)	(599,086)
Staff costs	(39,227)	39,227	-
Depreciation and other amounts written off tangible and intangible fixed assets	(7,496)	7,496	-
Other operating expenses	(79,803)	79,803	-
Distribution costs	-	(8,733)	(8,733)
Administrative expenses	-	(74,057)	(74,057)