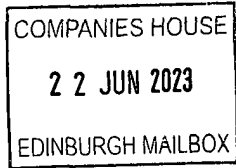


REGISTERED NUMBER: 05277708 (England and Wales)



Strategic Report, Directors' Report and
Financial Statements
for the Year Ended 30 June 2022
for
Catalent CTS (Edinburgh) Limited



Contents of the Financial Statements
for the Year Ended 30 June 2022

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Catalent CTS (Edinburgh) Limited

Company Information
for the Year Ended 30 June 2022

DIRECTORS:

Ricci Whitlow (resigned 31 August 2022)
Guy Dewil (resigned 31 January 2022)
Thomas Castellano (resigned 21 April 2023)
Dianne Coughlan (appointed 11 March 2022)
Ricky Hopson (appointed 14 September 2022)

SECRETARY:

Guy Dewil (resigned 31 January 2022)

REGISTERED OFFICE:

Frankland Road
Blagrove
Swindon
Wiltshire
England
SN5 8YG

REGISTERED NUMBER:

05277708 (England and Wales)

AUDITOR:

Ernst & Young LLP
144 Morrison Street
Edinburgh
EH3 8EX

Strategic Report
for the Year Ended 30 June 2022

The Directors present their strategic report for the year ended 30 June 2022.

Principal activity, review of the business

The Company's principal activities during the year were the Contract Packaging and Distribution of clinical trial drug materials from its Clinical Supply Services operations in Bathgate, Scotland.

The Directors are pleased with the Company's performance in relation to its Clinical Supply Service operations which returned an operating profit of £13,562,941 (2021: £7,529,282) for the period on turnover of £43,875,438 (2021 £41,076,107).

The Company's key financial and other performance indicators during the year were as follows.

	2022 £'000	2021 £'000	Change %
Turnover	43,875	41,076	7%
Operating Profit	13,563	7,529	80%
Profit after Tax	15,241	8,525	79%
Exceptionals	58	17	241%
Shareholder funds	117,308	102,067	15%
Current Assets as a percentage of Current Liabilities	902%	1587%	-43%
Average number of employees	191	182	5%

Turnover increased by 7% during the year. Packaging revenue is impacted by the lifecycle of the clinical studies and timing of when packaging exercises are required. Distribution revenues are impacted by the type of shipments, such as controlled temperature or ambient, and the destinations of the shipments.

The increase in operating profit of 80% for the year reflects a movement in realised exchange rates.

The average number of employees has increased to 191.

Financial risk management objectives and policies

The main risks arising from the Company's assets and liabilities are liquidity and foreign currency risks. The Company has clear policies for managing each of these risks as summarised below.

Liquidity Risk

The Company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets. 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 objective is to maintain a balance between continuity of funding and flexibility.

Strategic Report
for the Year Ended 30 June 2022

Foreign Currency Risk

The Company buys and sells goods and services denominated in currencies other than sterling. As a result of the value of the Company's non-sterling revenues, purchases, financial assets and liabilities, cash flows can be affected significantly by movements in exchange rates.

For very large currency transactions the Company seeks to mitigate its exposure to currency movements by working with the Group's Treasury department who would, as appropriate, enter into hedging arrangements, denominated in the same currency as the operating funds flow, to match the exposures anticipated in the business.

Exceptionals

Exceptional costs are related redundancy costs due to internal restructuring within the business of £58,488 (2021: £16,666).

Environmental Matters

The Company has set Sustainability and Environmental goals and objective for the coming years.

Key focus areas will include reduction in waste, reduction in energy usage and building sustainability reviews into our capital spend projects. We continue to assess our utility supplies against market dynamics.

We plan to attain accreditation to ISO 50001 (Energy Management) by FY25.

Our report on greenhouse gas emissions is included in our Directors' Report on page 6 of this document.

Section 172 Statement

Introduction

The directors, in line with their duties under section 172 ("s172") of the Companies Act 2006, act in a 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 to a range of matters when making decisions for the long-term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

Board training and support on s172 duties

Directors are supported in the discharge of their duties by the office of the Company Secretary. All directors receive guidance on their statutory duties including s172 and were briefed on the governance and reporting requirements introduced by the Companies (Miscellaneous Reporting) Regulations 2018.

Stakeholders

The Company Board's responsibility to promote the long-term success of the Company, relies on inputs from, and positive relationships with, a wide range of stakeholders

Strategic Report
for the Year Ended 30 June 2022

Section 172 Statement (continued)

Employees

The Company's policy is to consult and discuss with employees matters likely to affect employee's interests. Information on matters of concern to employees is given through employee daily, monthly and quarterly meetings and involves all levels of staff. These meetings seek to achieve a common awareness of the financial and economic factors affecting the Company's performance. Our vision is to speed the process to better health for patients globally by providing the most reliable, sought after clinical supply services and solutions for the company.

We continue to build strong values based on Patient First, Customer Dedication, People, and Service.

During the year we have engaged with our employees in the following ways:

- Monthly Town Hall meetings to update the employees.
- Quarterly Global Town Hall meetings with the CEO, COO and SVP, Technical Operations to update on the business on the quarterly results and other company news, allowing time for Q&A from employees.
- Employee engagement surveys.
- Promoting Disability and Inclusion through employee resource groups.
- Health & Safety Committee. This provides a forum for management and employees to work together to address matters relating to employee health & safety.

Customers

One of Catalent's main values is Patient First. Patient First is knowing and following the procedures, taking the time to do it right the first time, asking when you're not sure what to do, advising and correcting others if needed, questioning when things don't appear to be right, thinking about the impact your actions and decision will on. Catalent's directors are actively involved with customers ensuring that they receive the best care and make a difference to clients and patients' lives.

Local Communities

Catalent directors recognise the importance to supporting the communities in which we operate. We also see the opportunity for employee career and personal growth through some community involvement. Below are some examples of activities

- STEM Learning – We have worked in partnership with educational institutions to build curriculum for employability. This included offering Internships, Student Work experience, STEM Breakfast meetings and school skills curriculum development.
- STEM Ambassadors – We have supported our employees within the STEM field to be trained to deliver STEM programs to School, College & University students. We have also attended open days and Career's fairs to local Schools and Colleges.
- Food Banks – We have supported collections at supermarkets and Food drives at our offices in support of local organisations.
- Charitable donations - Corporate Grant funding, matching gifts and Month of Service events are some of the ways we support local charities

Suppliers

Catalent has a number of large international suppliers who are critical to our Supply Chain, in addition we have local relationships with a number of business. We monitor our supplier payment practices in line with the UK Payment Practices Act. We also report regulatory bi-annual information regarding our payment practices and performance relating to businesses within the UK, for the Department for Business, Energy and Industrial Strategy.

Catalent CTS (Edinburgh) Limited (Registered number: 05277708)

Strategic Report
for the Year Ended 30 June 2022

Section 172 Statement (continued)

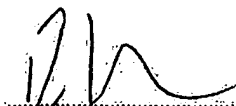
Other Stakeholders

Additional details on the Group Board approach to stakeholder engagement, which applies to the Company and all Group companies, can be found within the Group annual report and on the Corporate Social Responsibility and Corporate Governance sections of our public website.

Principal Decisions

When making decisions, the directors have regard to the longer-term impact of such decisions and any possible impact on all stakeholders. Examples of principal decisions made by the Company board during the fiscal year include:

ON BEHALF OF THE BOARD:



Ricky Hopson - Director

Date: 15 June 2023

Directors' Report
for the Year Ended 30 June 2022

The Directors present their report with the financial statements of the Company for the year ended 30 June 2022.

RESULTS AND DIVIDENDS

The profit for the year ended 30 June 2022 for the Company after taxation, amounted to £15,241,454 (2021 £8,525,283) The Directors do not recommend a dividend for the year (2021 £nil).

FUTURE DEVELOPMENTS

The Directors aim to improve on this year's sales performance to provide future growth in turnover from continuing operations, particularly in the controlled temperature storage and distribution market.

The Directors will maintain the management policies which have resulted in the improved performance in operating profits.

DIRECTORS

The Directors who held office during the period were as follows:

R Whitlow (resigned 31 August 2022)
Guy Dewil (resigned 31 January 2022)
Thomas Castellano (resigned 21 April 2023)
Dianne Coughlan (appointed 11 March 2022)
Ricky Hopson (appointed 14 September 2022)

None of the Directors in office during the year held any beneficiary interests in the share capital of the Company during the year

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

The results for the year show a positive growth in comparison with the previous year profit before tax of £15.2m. With positive net current assets of £111.1m and a cash at bank balance of £105.2m as at 30 June 2022, the Company has adequate resources to continue in operational existence for the going concern period to 30 June 2024.

The directors have considered forecasts for the period to 30 June 2024, as well as assessing the impact of severe but plausible downside scenarios including reduction in revenue and margins. Given the significant cash reserves at year end, and to date, even under downside scenarios the Company has significant liquidity. In addition, the Directors considered reverse stress scenarios and no such circumstances were identified that would result in the Company utilising existing cash reserves. Net current assets and the cash at bank balance have remained in excess of £100m at the time of approval of the financial statements.

On that basis, the Company continues to adopt the going concern basis in preparing its financial statements.

EMPLOYEES

The Company's policy is to consult and discuss with employees matters likely to affect employee's interests. Information on matters of concern to employees is given through employee quarterly meetings and monthly team briefings and involves all levels of staff. These meetings seek to achieve a common awareness of the financial and economic factors affecting the Company's performance.

It is the Company's policy to recruit the person best suited to the role including disabled workers for those vacancies that they are able to fill and all necessary assistance with initial training courses given. Once employed, a career plan is developed so as to ensure suitable opportunities for all employees.

Directors' Report
for the Year Ended 30 June 2022

ENVIRONMENTAL MATTERS

The Company measures and reports its greenhouse gas emissions.

Quantification and reporting methodology

This report was compiled by management. The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed to ensure the Streamlined Energy and Carbon Reporting ("SECR") requirements were met.

The energy data was collated using existing reporting mechanisms for the Bathgate site in the United Kingdom, where the majority of the employees work. These methodologies provided a continuous record of electricity use.

The energy data was converted to carbon emissions using the 2020 UK Government GHG Conversion Factors for Company Reporting. The associated emissions are divided into the combustion of fuels and the operation of facilities (scope 1), purchased electricity, heating and cooling (scope 2) and indirect emissions that occur as a consequence of company activities (scope 3). During the year the Group only had emissions relating to scope 1 and 2.

Estimations

The electricity use was compiled from invoices and meter readings.

	<u>2022</u>	<u>2021</u>
Energy used by the company On KWH	2,349,158	2,335,385
Emissions associated with the reported energy use (tCO ₂ e)	1,275.72	2,120.69

Intensity ratio

The chosen primary intensity ratio is total gross emissions in metric tonnes CO₂e (mandatory emissions) per employee.

	<u>2022</u>	<u>2021</u>
Tonnes of CO ₂ e per employee	6.68	11.65

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

AUDITOR

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
Ricky Hopson - Director

Date: 15 June 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with *United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")*. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with *Section 10 of FRS 102* and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in *FRS 102* is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether *FRS 102*, has been followed, subject to any material departures disclosed and explained in the financial statements]; 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 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 company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Catalent CTS (Edinburgh) Limited (Registered number: 05277708)
Independent Auditor's Report

Opinion

We have audited the financial statements of Catalent CTS (Edinburgh) Limited for the year ended 30 June 2022 which comprise of the Income Statement, Statement of Other Comprehensive Income, the Balance Sheet, Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Catalent CTS (Edinburgh) Limited (Registered number: 05277708)
Independent Auditor's Report (Continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS102 and Companies Act 2006), relevant tax compliance regulations in the UK and the company sector regulator (Medicines and Healthcare Products Regulatory Agency).

Auditor's responsibilities for the audit of the financial statements (continued)

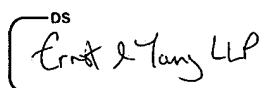
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We understood how Catalent CTS (Edinburgh) is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We confirmed our enquiries through our reading of board minutes, management papers, regulatory correspondence and papers provided to the holding company. We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls at a group level. Where the risk was considered to be higher, we performed audit procedures to address the identified fraud risk, management override of controls, specifically around revenue recognition.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of legal counsel and management. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements and accounts with all applicable requirements.
- We understood the relationship between Catalent CTS (Edinburgh) and its regulator, the Medicines and Healthcare products Regulatory Agency, to understand their scope of authorisation and controls the entity has in place to meet their requirements. We requested copies of any correspondence with the regulator that is relevant to our audit and discussed ongoing regulatory matters with the directors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

^{DS}
 LP

Paul Copland (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

19 June 2023

Catalent CTS (Edinburgh) Limited (Registered number: 05277708)

Income Statement
for the Year Ended 30 June 2022

	Notes	2022 £	2021 £
TURNOVER	3	43,875,438	41,076,107
Cost of sales		<u>(21,192,636)</u>	<u>(21,722,187)</u>
GROSS PROFIT		22,682,802	19,353,920
Administrative expenses	9	<u>(9,119,861)</u>	<u>(11,824,638)</u>
OPERATING PROFIT	8	13,562,941	7,529,282
Non-operating exceptional item	6	(58,488)	(16,668)
Interest receivable and similar income	5	2,239,786	1,080,530
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		15,744,239	8,593,144
Tax charge on profit on ordinary activities	10	<u>(502,785)</u>	<u>(67,861)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>15,241,454</u>	<u>8,525,283</u>

All turnover and operating profit is derived from continuing operations

Catalent CTS (Edinburgh) Limited (Registered number: 05277708)

Other Comprehensive Income
for the Year Ended 30 June 2022

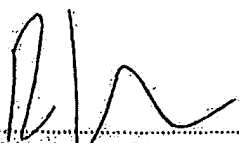
	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		15,241,454	8,525,283
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		15,241,454	8,525,283

Catalent CTS (Edinburgh) Limited (Registered number: 05277708)

Balance Sheet
as at 30 June 2022

	Notes	£	2022	£	2021	£
FIXED ASSETS						
Tangible assets	11			<u>6,107,626</u>		<u>5,416,651</u>
CURRENT ASSETS						
Debtors	12	19,346,293			95,476,026	
Cash at bank		105,167,757			7,075,770	
Stocks		<u>553,311</u>			<u>597,447</u>	
			125,067,361			103,149,243
CREDITORS						
Amounts falling due within one year	13	13,866,868			6,499,229	
NET CURRENT ASSETS				<u>111,200,493</u>		<u>96,650,014</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>117,308,119</u>		<u>102,066,665</u>
PROVISIONS FOR LIABILITIES						
NET ASSETS				<u>117,308,119</u>		<u>102,066,665</u>
CAPITAL AND RESERVES						
Called up share capital	14		4,508,326		4,508,326	
Retained earnings	15		<u>112,799,793</u>		<u>97,558,339</u>	
SHAREHOLDERS' FUNDS				<u>117,308,119</u>		<u>102,066,665</u>

The notes on pages 15 to ²⁵24 form part of these financial statements
The financial statements were approved and authorised for issue by the Board and were signed on its behalf on
15 June 2023.


Ricky Hopson - Director

Catalent CTS (Edinburgh) Limited (Registered number: 05277708)

Statement of Changes in Equity
for the Year Ended 30 June 2022

	£	£	£
Balance at 1 July 2020	4,508,326	89,033,056	93,541,382
Changes in equity			
Total comprehensive income	<u>-</u>	<u>8,525,283</u>	<u>8,525,283</u>
Balance at 30 June 2021	<u>4,508,326</u>	<u>97,558,339</u>	<u>102,066,665</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>15,241,454</u>	<u>15,241,454</u>
Balance at 30 June 2022	<u>4,508,326</u>	<u>112,799,793</u>	<u>117,308,119</u>

Notes to the Financial Statements
for the Year Ended 30 June 2022

1. STATEMENT OF COMPLIANCE

Catalent CTS (Edinburgh) Limited is a limited liability Company incorporated in England.
The Registered Office is Frankland Road, Blagrove, Swindon, Wiltshire, England, SN5 8YG

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 30 June 2022.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest pound.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

The results for the year show a positive growth in comparison with the previous year profit before tax of £15.2m. With positive net current assets of £111.1m and a cash at bank balance of £105.2m as at 30 June 2022, the Company has adequate resources to continue in operational existence for the going concern period to 30 June 2024.

The directors have considered forecasts for the period to 30 June 2024, as well as assessing the impact of severe but plausible downside scenarios including reduction in revenue and margins. Given the significant cash reserves at year end, and to date, even under downside scenarios the Company has significant liquidity. In addition, the Directors considered reverse stress scenarios and no such circumstances were identified that would result in the Company utilising existing cash reserves. Net current assets and the cash at bank balance have remained in excess of £100m at the time of approval of the financial statements.

On that basis, the Company continues to adopt the going concern basis in preparing its financial statements.

Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemption in preparing these financial statements. As permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" no cash flow statement has been prepared as the Company is a wholly owned subsidiary of Catalent Inc, whose group financial statements includes a consolidated cash flow statement and is publicly available.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as at the balance sheet date and the amounts reported for income and expenses during the year. These estimates will, by definition, seldom equal the related actual results particularly given changes in economic conditions and the level of uncertainty regarding their duration and severity.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The most important estimates and judgements are set out below:

Impairment

The Company is required to carry out impairment testing on any assets that show indications of impairment. This testing involves exercising management judgement about future cash flows and other events which are by their nature uncertain.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

2. ACCOUNTING POLICIES - continued

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Turnover recognition

Judgement must be exercised to ensure that turnover is recognised in accordance with contractual terms

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Earning activities involve the manufacturing and packaging of goods, storage and distribution services or other third-party activities that constitute its ongoing major or central operations. Revenues are considered to be earned only when the Company has accomplished what it must do to be entitled to the benefits represented by the revenues.

Revenue is considered realized and earned when product is delivered, or services are rendered to customers in accordance with contract terms.

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

The following criteria must also be met before revenue is recognised:

Sale of goods

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

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Leasing arrangements

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Company recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Exceptional items

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

Intangible assets

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value on intangible assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold buildings	- 5 - 50 years
Plant and equipment	- 3 - 15 years
Fixtures, fittings and equipment	- 3 - 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stock

Gross inventories values are based on fully absorbed costs. Standard costing is used to establish cost of components which includes Materials, Labour and overheads. The policy requires a full Physical Inventory count for all raw material, work in progress and finished goods on an annual basis.

Amounts payable/recoverable on long term contracts

Customer billings are established by contractual provisions, including predetermined payment schedules, the achievement of contractual milestones or submission of appropriate billing detail. Unbilled services arise when services have been rendered and revenue has been recognised but customers have not been billed. Unbilled accounts receivable represent revenues on contracts to be billed, in subsequent periods, as per the terms of the related contracts. Conversely, unearned revenue represents amounts billed in excess of revenue recognised.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing difference between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing difference. Deferred tax assets are generally recognised for all deductible timing differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

2. ACCOUNTING POLICIES - continued

Foreign currencies

Transactions and balances

In preparing the financial statements of the entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Pension costs and other post-retirement benefits

Contributions to defined contribution pension schemes are charged to the profit and loss account in the period in which they become payable.

Financial instruments

The Company has chosen to adopt the requirements of sections 11 and 12 of FRS102 in respect of the measurement and disclosure of financial instruments.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The Company recognises an accrual for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The accrual is measured at the salary cost payable for the period of absence.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

The Company does not have any 'other' financial instruments.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	7,163,912	6,705,300
Rest of Europe	9,986,281	9,349,522
Rest of World	<u>26,725,245</u>	<u>25,021,285</u>
	<u>43,875,438</u>	<u>41,076,107</u>

4. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	8,096,305	6,267,157
Social security costs	747,838	583,329
Other pension costs	378,367	313,994
Bonuses and commission	544,957	385,188
Other Benefits	<u>277,795</u>	<u>202,170</u>
	<u>10,045,262</u>	<u>7,751,838</u>

"Other Pension Costs" relate to amounts payable to the Company defined contribution pension scheme.
The average monthly number of employees during the year was as follows:

	2022	2021
Directors	1	-
Management and administration	110	100
Production	<u>80</u>	<u>82</u>
	<u>191</u>	<u>182</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£	£
Deposit account interest	<u>2,239,786</u>	<u>1,080,530</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

6. EXCEPTIONAL ITEMS

	2022	2021
	£	£
Redundancy	<u>58,488</u>	<u>16,668</u>
	<u>58,488</u>	<u>16,668</u>

Redundancy costs due to internal restructuring within the business of £58,488 (2021: £16,666)

7. DIRECTORS EMOLUMENTS

	2022	2021
	£	£
Emoluments	42,900	Nil
Company Contributions paid to defined pension Schemes	2,875	Nil

A management charge of £5,153,023 (2021: £4,176,215) in respect of administration costs has been made by Catalent Inc. to Catalent CTS (Edinburgh) Limited, the Company's subsidiary which includes Directors' remuneration for 2 of the Company's Directors that is not possible to identify separately.

8. OPERATING PROFIT

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

	2022	2021
	£	£
Depreciation - owned assets	517,850	479,830
Auditor's remuneration - audit services	91,440	78,400
Operating lease rentals - other	13,496	13,496
Foreign Exchange Gain/(Loss)	(990,174)	3,128,858

9. ADMINISTRATIVE EXPENSES

	2022	2021
	£	£
Contract Services	167,483	197,329
Computer Expenses	3,143	1,075
Administrative expenses		
- Administrative expenses	3,796,212	7,450,019
- Management Fee	<u>5,153,023</u>	<u>4,176,215</u>
	<u>9,119,861</u>	<u>11,824,638</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

10. TAXATION

Analysis of charge in the year

	2022	2021
	£	£
Current tax:		
Corporation tax on Profit for the period	597,529	-
Adjustment in respect of prior periods	(74,812)	2,844
Total Current Tax Charge	522,717	2,844
Deferred tax		
Original and reversal of timing differences	29,879	111,231
Impact of Change in tax rate	9,436	(46,937)
Adjustment in respect of prior periods	(59,247)	723
Total Deferred Tax Charge	(19,932)	65,017
Total Tax Charge	502,785	67,861

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit on ordinary activities before tax	15,744,240	8,593,144
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021 – 19%)	2,991,406	1,632,697
Effects of:		
Expenses not deductible for tax purposes	51,744	54,705
Employee share acquisition relief	(101,346)	-
Capital allowances super deduction	(13,948)	(6,501)
Impact in change of Tax rate	9,435	(46,937)
Prior Year adjustment	(134,059)	3,567
Group relief for nil payment	(2,300,447)	(1,569,670)
Total tax charge	502,785	67,861

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%.

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

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

10. TAXATION (continued)

The deferred tax asset at the year-end consists of the following timing differences:

	2022	2021
	£	£
Accelerated capital allowances	(13,549)	(128,862)
Other timing differences	<u>(201,958)</u>	<u>(66,711)</u>
Total Deferred Tax	<u>(215,507)</u>	<u>(195,573)</u>

The Company expects the deferred tax asset in relation to accelerated capital allowances to reverse by £19,934 (2021: £65,016) in the year ended 30 June 2022. It is not possible to estimate the expected reversal of the other elements of deferred tax.

11. TANGIBLE FIXED ASSETS

	Freehold Property £	Assets Under Construction £	Plant and Machinery £	Fixtures and fittings £	Totals £
COST					
At 1 July 2021	12,184,864	147,504	4,585,191	1,465,340	18,382,899
Additions	145,983	45,972	1,016,504	366	1,208,825
Disposals	-	-	-	-	-
At 30 June 2022	12,330,847	193,476	5,601,695	1,465,706	19,591,724
DEPRECIATION					
At 1 July 2021	7,704,788	-	4,280,940	980,520	12,966,248
Charge for year	272,332	-	138,222	107,296	517,850
At 30 June 2022	7,977,120	-	4,419,162	1,087,816	13,484,098
NET BOOK VALUE					
At 30 June 2022	4,353,727	193,476	1,182,533	377,890	6,107,626
At 30 June 2021	4,480,076	147,504	304,251	484,820	5,416,651

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	9,149,455	7,731,206
Amounts owed by group undertakings from trading	3,128,916	1,312,836
Amounts recoverable on contract	940,621	2,369,491
Corporation Tax	1,401,674	2,561,292
Deferred tax asset	215,507	195,573
Amounts owed by group undertakings – Loan notes	4,459,915	81,192,215
Prepayments and accrued income	50,205	113,413
	<u>19,346,293</u>	<u>95,476,026</u>

Loan notes are interest bearing at libor plus 175bps and redeemable on 1st October 2035

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Payments on account	87,647	241,232
Trade creditors	1,260,992	962,640
VAT	75,996	172,102
Amounts owed to group undertakings	9,503,197	3,065,779
Accruals and deferred income	2,939,036	2,057,476
	<u>13,866,868</u>	<u>6,499,229</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
4,508,326	Ordinary	£1.00	<u>4,508,326</u>	<u>4,508,326</u>

15. RESERVES

Retained earnings - Distributable reserve includes all current and prior period retained profits and losses.

16. PENSIONS

The Company makes contributions to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £378,367 (2021: £313,994).

At the balance sheet date outstanding contributions amounted to £55,035 (2021: £40,199).

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

17. COMMITMENTS

The Company had £193,475 contracted capital expenditure at 30 June 2022 (2021: £147,504)

18. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2022	2021
	£	£
Amounts Payable:		
Not later than one year	13,496	13,496
	<u>13,496</u>	<u>13,496</u>

19. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Catalent Inc., which is incorporated in the United States of America. The Company's immediate parent undertaking is Catalent CTS (Wales) Limited.

A copy of the consolidated financial statements of Catalent Inc. can be obtained from Catalent Pharma Solutions, 14 Schoolhouse Road, Somerset, NJ 08873

20. RELATED PARTY DISCLOSURES

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

All Directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Company are considered to be key management personnel.

Key management personnel compensation in total for the year was £42,900 (2021: £Nil). There was 1 director based in the UK in 2022.