

PAREXEL MMS Europe Limited

Annual Report and Financial Statements for the eighteen-month

period ended 31 December 2020

Registered Number: (01488517)



PAREXEL MMS Europe Limited

Annual report and financial statements
for the eighteen-month period ended 31 December 2020

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PAREXEL MMS Europe Limited

COMPANY INFORMATION

DIRECTORS Michael Francis Crowley III (U.S)
Paul Joseph Armstrong (U.S)

SECRETARY Michael Francis Crowley III (U.S)

REGISTERED OFFICE c/o Lawrence Young Ltd
Hart House
Priestley Road
Basingstoke
Hampshire
RG24 9PU
United Kingdom

BANKERS JP Morgan Chase Bank N.A.
Chaseside
Bournemouth
BH7 7DB
United Kingdom

**INDEPENDENT
AUDITORS** Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

SOLICITORS Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU
United Kingdom

REGISTERED NUMBER 01488517

PAREXEL MMS Europe Limited

STRATEGIC REPORT

for the eighteen-month period ended 31 December 2020

The directors present their strategic report for the eighteen-month period ended 31 December 2020.

REVIEW OF BUSINESS

The Company's overall activities during the eighteen-month period was providing clinical communication services to pharmaceutical companies involved in the research and development of new medical compounds, prior to them achieving a product marketing license.

The key financial indicators during the year were as follows:

	18-month period from 01 July 2019 to 31 December 2020 £'000	Year ended 30 June 2019 (restated) £'000	Change %
Turnover	24,914	22,522	11
Operating profit / (loss)	1,070	(1,389)	177
Profit / (loss) after tax	799	(1,182)	168
Shareholder's equity	4,776	3,998	19
Current assets as a % of current liabilities	220 %	182 %	38
Average number of employees	99	99	—
Trade debtors	340	3,093	(89)
Accruals	820	609	35
Provision for liabilities	103	158	(35)
Non-current assets	354	344	3

The results for the eighteen-month period are set out on page 13. The directors consider the results achieved from ordinary activities before taxation, the Company's financial position at the end of the period and its prospects to be in line with their current expectations.

The Company's profit for the financial period is £799,000 (Year ended 30 June 2019: Loss of (£1,182,000)). The directors do not recommend the payment of a dividend (Year ended 30 June 2019: £Nil).

Both turnover and cost of sales were higher for the eighteen-month period but grew at a slower pace as compared to the prior year, primarily due to the COVID-19 pandemic. However gross profit was higher for the eighteen-month period and together with lower administrative expenses than expected, mainly due to a swing in foreign exchange from a loss to a gain, the Company had a net increase of £2,132,000 in operating profit.

Trade debtors was lower as compared with the prior year. This is mainly due to less project work being assigned to the Company from other Parexel entities during the financial period. This was offset by an increase in cash at bank leading to a marginal change in the net asset position.

PAREXEL MMS Europe Limited

STRATEGIC REPORT *(continued)*

for the eighteen-month period ended 31 December 2020

REVIEW OF THE BUSINESS (continued)

In the opinion of the directors, the Company's position is sustainable due to continued focus on growth of new client accounts. In addition, MMS continues to focus on change in scope management as well as maintenance of a flexible infrastructure model in some key areas to allow better alignment to revenue forecasts.

On 1 July 2019, the Company adopted the accounting standard IFRS 16 "Leases". The most significant impact of IFRS 16 to the Company was the recognition of all material leases on balance sheet with a term greater than twelve months. On transition to IFRS 16, the Company recognised a transitional adjustment for such right of use lease asset of £828,000 with a corresponding amount of £849,000 recognized as financial lease liabilities. Consequently, the depreciation charge during the period increased to £355,000 as depreciation expenses are recognized on these assets, offset by a reduction in operating lease costs.

As part of the budgetary process, certain Key Performance Indicators around areas such as debtors, accruals, and deferred income are set in order to effectively manage the working capital of the Company. In addition, project, productivity and capacity metrics were reported in order to assist in the management of profitability improvements. These are reviewed on a monthly basis and appropriate actions taken as required.

As part of the operational review of the business, management actively monitors the progress of backlog which is a factor of new business wins less cancellations and revenue recognised.

The outlook of the Company remains positive as the Company hopes to increase profitability through its cost improvement plans and by converting its backlog to deliver long-term sustainable growth in margins and revenues.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's operations expose it to a variety of risks. If any of the following risks occur, our business, financial condition, or results of operations would likely suffer.

- *LOSS, MODIFICATION OR DELAY OF LARGE OR MULTIPLE CONTRACTS*

The loss, modification, or delay of large or multiple contracts may negatively impact the Company's operating results; our clients and the Parent Group clients we support generally can terminate their contracts with us upon 30 to 60 day notice or can delay the execution of services. In order to mitigate these risks our priority is to further build upon our leadership position in the marketplace and deliver high-quality services to our clients as they continue to evolve and change. We are working to capitalise on our strong global footprint, to expand our portfolio of strategic partnerships, and to continue increasing our business with small and emerging biopharma companies. At the same time, we will continue to pursue growth through acquisitions.

- *FIXED PRICE NATURE OF CONTRACTS*

The majority of the Company's contracts are fixed price. Failure to adequately price contracts or cost overruns can have an effect on operating results. Management closely monitor the running of trials to ensure they are in line with budgets and targets.

- *CHANGES IN GOVERNMENTAL REGULATIONS*

Failure to comply with government regulations could result in the termination of ongoing research, development of sales and marketing projects, or the disqualification of data for submission to regulatory authorities. We monitor and comply with the current regulations in order to mitigate non-compliance risks.

PAREXEL MMS Europe Limited

STRATEGIC REPORT *(continued)*

for the eighteen-month period ended 31 December 2020

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- *CURRENCY RISK*

The Company has transactional currency exposures which arise from sales and purchases in currencies other than its functional currency. Potential exposures to foreign currency exchange rate movements are monitored, reviewed monthly and appropriate actions are taken to manage net open foreign currency positions.

- *CREDIT RISK*

The Company's principal financial assets are bank balances and cash, trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

- *BREXIT*

As with any UK business, Brexit presented a number of operational and logistical challenges of which the Company has access to a global supply chain and expertise to meet those challenges. The Company put in place a Brexit Steering Committee following the EU referendum result which focused on positioning the Company for the eventual outcome. There were three primary areas of focus: business continuity and new commercial opportunity, client delivery and project management and communications and training. As a result of the Committee's effort, the Company has not experienced a negative impact to the delivery of client projects and continues to meet its contractual commitments and obligations.

- *OTHER RISKS - COVID 19*

During 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") to be a pandemic. The restrictions imposed as a result of COVID-19 initially led to widespread global patient-site closures and resulted in a decline in revenue related to our site-based monitoring services and delays in new trial start-up activities. Despite these challenges, our business has adapted and continues to adapt to the changing environment through implementing remote and risk-based patient-monitoring, including a steady reopening of patient sites and resuming of trial start-up activities. In an effort to limit the overall impact of the COVID-19 pandemic, we initiated several cost management strategies and cash conservation initiatives, including organizational and operating model efficiencies, hiring restrictions, reductions in third-party costs and delaying some capital expenditures. These efforts to preserve cash, as well as our ability to creatively deliver our services and win new awards had a positive impact on our operating results and our cash flows during the second half of 2020. Also during the second half of 2020 we have seen improvements in our business due in part to an increase in revenue from COVID-19 related studies and expect this upward trend to continue throughout 2021.

PAREXEL MMS Europe Limited

STRATEGIC REPORT (*continued*)
for the eighteen-month period ended 31 December 2020

• *RECRUITMENT OF QUALIFIED EMPLOYEES*

The success of the Company's business depends on its ability to attract and retain qualified professional, scientific and technical staff. The Company believes that its brand name recognition and its multinational presence, which allows for international transfers, are an advantage in attracting employees. In addition, the Company believes the wide range of clinical trials in which it participates allows the Company to offer broad experience to clinical researchers.

FUTURE DEVELOPMENT

There are no material changes expected for the Company through 2021 and 2022.

On behalf of the Board

DocuSigned by:
Paul Armstrong
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Paul Joseph Armstrong
Director

9/30/2021

PAREXEL MMS Europe Limited

DIRECTORS' REPORT

for the eighteen-month period ended 31 December 2020

Company Registration Number: (01488517)

The directors present their report and the audited financial statements for the eighteen-month period ended 31 December 2020.

Financial risk management policies and objectives are included in the strategic report.

FUTURE DEVELOPMENTS

Future developments are included in the strategic report on page 5.

GOING CONCERN

The financial statements have been prepared on a going concern basis as West Street Topco Limited, a 100% shareholder either directly or indirectly in the Company, has confirmed to the directors that if required it will provide support to enable the Company to continue in operation for the foreseeable future, being not less than twelve months from the date of approval of these financial statements. PAREXEL MMS Europe Limited will draw on funds available as required. Accordingly, the directors have determined that it is appropriate to prepare these financial statements on a going concern basis.

POST BALANCE SHEET EVENTS

On July 2nd 2021, Parexel announced the execution of a definitive merger under which it will be acquired by EQT IX Fund ("EQT Private Equity") and the Private Equity business within Goldman Sachs Asset Management ("Goldman Sachs"). The transaction is subject to customary conditions, including receipt of applicable regulatory approvals.

RESEARCH AND DEVELOPMENT

The Company's core clinical communication services that are delivered to the pharmaceutical industry are considered research and development activities. These amounts are charged to the income statement as incurred and amounted to £17,875,000 (Year ended 30 June 2019: £17,648,000).

DIVIDENDS

The Company did not propose, declare or pay any dividends during the eighteen-month period ended 31 December 2020. (Year ended 30 June 2019: £nil.)

DIRECTORS

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

Michael Francis Crowley III (U.S)

Paul Joseph Armstrong (U.S) - appointed on 1 May 2020

Joseph Edward Scott (U.S) – resigned on 1 May 2020

None of the directors who held office at the end of the financial period or to the date of the approval of the financial statements had any disclosable interest in the shares of the Company.

DIRECTORS QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable donations or incurred any political expenditure during the period.

PAREXEL MMS Europe Limited

DIRECTORS' REPORT (*continued*) for the eighteen-month period ended 31 December 2020

DISABLED PERSONS

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

EMPLOYEE ENGAGEMENT

During the period, the policy of providing employees with information about the Company has been continued through its intranet site in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

HEALTH AND SAFETY

The Company strives to provide and maintain a safe environment for all employees, customers and visitors to its premises and to comply with relevant health and safety legislation. In addition, the Company aims to protect the health of employees with suitable, specific work-based strategies, seeking to minimise the risk of injury from Company activity and ensure that systems are in place to address health and safety matters.

Health and Safety audits and risk assessments have been carried out and additional actions and controls have been implemented and training conducted to ensure that employees can carry out their functions in a safe and effective manner.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITOR

Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, have indicated their willingness to continue in office and a resolution to reappoint Deloitte Ireland LLP will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Paul Joseph Armstrong
Director

DocuSigned by:
Paul Armstrong
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9/30/2021

PAREXEL MMS Europe Limited

DIRECTORS' RESPONSIBILITIES STATEMENT for the eighteen-month period ended 31 December 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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 policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

DocuSigned by:

Paul Armstrong

Paul Joseph Armstrong

Director

9/30/2021

Independent auditor's report to the members of Parexel MMS Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Parexel MMS Europe Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 21, including the statement of accounting policies in note 2.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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Independent auditor's report to the members of Parexel MMS Europe Limited

Other information (Continued)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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Independent auditor's report to the members of Parexel MMS Europe Limited

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Report on other legal and regulatory requirements

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



David Boyle
For and on behalf of Deloitte Ireland LLP
Statutory Auditor
Dublin, Ireland

Date: 01/10/2021

PAREXEL MMS Europe Limited

INCOME STATEMENT

for the eighteen-month period ended 31 December 2020

	Note	18-month period from 01 July 2019 to 31 December 2020 £'000	Year ended 30 June 2019 (restated) £'000
Turnover	3	24,914	22,522
Cost of sales		(18,936)	(19,058)
Gross profit		<u>5,978</u>	<u>3,464</u>
Administrative expenses		(4,908)	(4,853)
Operating profit / (loss)	4	<u>1,070</u>	<u>(1,389)</u>
Interest receivable and similar income	6	17	30
Interest payable and similar cost	7	(59)	(38)
Profit / (loss) on ordinary activities before taxation		<u>1,028</u>	<u>(1,397)</u>
Tax on profit / (loss) on ordinary activities	8	(229)	215
Profit / (loss) for the financial period / year		<u><u>799</u></u>	<u><u>(1,182)</u></u>

All activities are derived from continuing operations.

There are no other gains and losses in the current or preceding period / year and as such no statement of comprehensive income has been presented.

PAREXEL MMS Europe Limited

STATEMENT OF FINANCIAL POSITION at 31 December 2020

	Note	As at 31 December 2020 £'000	As at 30 June 2019 (restated) £'000
Fixed assets			
Intangible assets	9	79	—
Tangible assets	10	275	344
		<u>354</u>	<u>344</u>
Current assets			
Debtors: Amounts falling due within one year	11	1,298	6,159
Debtors: Amounts falling due after one year	11	112	384
Cash at bank and in hand		7,188	1,478
		<u>8,598</u>	<u>8,021</u>
Creditors: Amounts falling due within one year	12	(3,864)	(4,207)
Net current assets		<u>4,734</u>	<u>3,814</u>
Total assets less current liabilities		<u>5,088</u>	<u>4,158</u>
Creditors: Amounts falling due after one year	12	(209)	(2)
Provisions for liabilities	13	(103)	(158)
Net assets		<u>4,776</u>	<u>3,998</u>
Capital and reserves			
Share capital presented as equity	14	10	10
Share premium		108	108
Retained earnings		4,658	3,880
Total equity		<u>4,776</u>	<u>3,998</u>

The financial statements of PAREXEL MMS Europe Limited (Registered number: 01488517) were approved by the board of directors on _____ and were signed on its behalf by:

30TH SEPTEMBER 2021

DocuSigned by:

Paul Armstrong

Paul Joseph Armstrong

Director

9/30/2021

PAREXELMMS Europe Limited

STATEMENT OF CHANGES IN EQUITY for the eighteen-month period ended 31 December 2020

	Share capital presented as equity	Share premium	Retained earnings	Total equity
	£'000	£'000	£'000	£'000
At 1 July 2018	10	108	4,970	5,088
Adjustment from the adoption of IFRS 15	—	—	189	189
Adjustment from the adoption of IFRS 9	—	—	(97)	(97)
Adjusted balance at 1 July 2018	10	108	5,062	5,180
Loss for the financial year (restated)	—	—	(1,182)	(1,182)
At 30 June 2019 (restated)	10	108	3,880	3,998
Adjustment from the adoption of IFRS 16	—	—	(21)	(21)
Adjusted balance at 1 July 2019	10	108	3,859	3,977
Profit for the financial period	—	—	799	799
At 31 December 2020	10	108	4,658	4,776

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS for the eighteen-month period ended 31 December 2020

1. GENERAL INFORMATION

PAREXEL MMS Europe Limited is a private Company limited by shares, incorporated and domiciled in the UK. The Registered Office is c/o Lawrence Young Ltd, Hart House, Priestley Road, Basingstoke, Hampshire, RG24 9PU, United Kingdom.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and in accordance with applicable accounting standards. The principal accounting policies adopted by the Company are set out in note 2. The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial year end of the Company was changed from 30 June to 31 December so as to align with a similar year end change for the Parexel Group. Accordingly, the current financial statements are prepared for eighteen months from 1 July 2019 to 31 December 2020 and as a result, the comparative figures stated in the income statement, statement of financial position and statement of changes in equity are not directly comparable.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of PAREXEL MMS Europe Limited are included in the consolidated financial statements of West Street Topco Limited, incorporated in Jersey, The Channel Islands. The financial statements are available from West Street Topco Limited, 26 New Street, St Helier, Jersey, JE2 3RA, The Channel Islands.

2. ACCOUNTING POLICIES

2.1. *Application of new and revised International Financial Reporting Standards (IFRSs)*

For the period ended 31 December 2020, the Company adopted IFRS 16 Leases, IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions, IAS 40 (amendments) Transfers of Investment Property, IFRIC 22 Foreign Currency Transactions and Advance Consideration, IFRIC 23 Uncertainty over Income Tax Treatments, IFRS 9 (amendments) Prepayment Features with Negative Compensation, IAS 28 (amendments) Long-term Interests in Associates and Joint Ventures and IAS 19 (amendments) Plan Amendment, Curtailment or Settlement, Annual Improvements to IFRS Standards 2015–2017 Cycle IAS 12 Income Taxes and IAS 23 Borrowing Costs. Apart from IFRS 16 their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

At 1 July 2019, the Company adopted IFRS 16 Leases.

IFRS 16 provides revised principles for lessees, and requires lessees to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The lease payments associated with short-term leases and leases for which the underlying asset is of a low value is recognised in profit and loss as an expense.

As permitted under the adoption guidance of IFRS 16, the Company applied this standard to contracts that were previously identified as leases applying IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease.

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

2. ACCOUNTING POLICIES *(continued)*

2.1. *Application of new and revised International Financial Reporting Standards (IFRSs) (continued)*

The Company relied on its assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review. The Company adjusted the right-of-use lease asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application. As at that date the onerous lease comprised both rental and operating cost components. The rental component was adjusted against the right-of-use lease asset and the operating costs component remains as an onerous lease and is recognised in the statement of financial position.

As allowed under the transitional provisions of IFRS 16, the Company uses the modified retrospective approach and the Company has not restated comparative information. The adoption of IFRS 16 on 1st July 2019, resulted in the recognition of right-of-use assets of £828,000 with a corresponding lease liability of £849,000, offset by an adjustment to retained earnings of £21,000.

In the income statement, expenses related to leases are presented as depreciation expense and interest expense. As the interest expense is calculated on the reducing balance of the lease liability while the depreciation is charged on a straight-line basis, the costs under IFRS 16 are front loaded compared to under IAS 17

At 1 July 2019, the Company's weighted average incremental borrowing rate applied to the lease liability was 3.34% for right-of-use lease asset.

The following table shows the operating lease commitments disclosed applying IAS 17 at 30 June 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the balance sheet at the date of initial application.

Operating commitments as at 30 June 2019	897,764
Discounting of operating leases	(48,759)
Lease liability recognised at 1 July 2019	<u>849,005</u>

2.2. *Basis of preparation*

The accounting policies which follow set out those accounting policies which apply in preparing the financial statements for the eighteen-month ended 31 December 2020.

The Company has taken advantage of the following disclosure exemptions availed under FRS 101:

- the requirements of paragraphs 10(d), 16, 38(a)-38(d), 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures* relating to disclosure of key management personnel;
- the requirements of paragraph in paragraph 38 of IAS1 *Presentation of Financial Statements* to present comparative information in respect of:
 - (i) paragraph 79(a) (iv) of IAS 1 *Presentation of Financial Statements*
 - (ii) paragraph 73(e) (iv) of IAS 16 *Property, Plant and Equipment*
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is a wholly owned subsidiary of West Street Topco Limited;
- The requirements of paragraph 45 (b) and 46 to 52 of IFRS 2, *Share-based Payments* relating to the number and weighted average exercise price in respect of each category of movement in share options during the year;
- the requirements of IFRS 7 *Financial Instruments Disclosures*;

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

2. ACCOUNTING POLICIES *(continued)*

2.2. Basis of preparation *(continued)*

- the requirements of paragraphs 91 – 99 of IFRS 13 *Fair Value Measurement* relating to disclosures regarding fair value measurement;
- disclosure of a third balance sheet as required under IAS 1 when correcting for a prior period error;
- The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* relating to disclosure of standards not yet effective and not applied.

Where relevant, equivalent disclosures have been given in the group accounts of West Street Topco Limited.

2.3. Judgments and key sources of estimation uncertainty

In applying the Company's accounting policies, which are described below, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported over revenues and expenses during the year.

As at the eighteen-month period ended 31 December 2020 there are no critical judgements that have a significant effect on the amounts recognised in the financial statements.

However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the amounts recognised in the financial statements are addressed below:

(i) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. (Refer to Note 11a)

(ii) Accruals for project related costs

In assessing accruals for project related costs, an accrual is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefit will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. (Refer to Note 12)

2.4. Going concern

The financial statements have been prepared on a going concern basis as West Street Topco Limited, a 100% shareholder either directly or indirectly in the Company, has confirmed to the directors that it required it will provide support to enable the Company to continue for the foreseeable future, being not less than twelve months from the date of approval of these financial statements. Parexel MMS Europe Limited will draw on funds available as required. Accordingly, the directors have determined that it is appropriate to prepare these financial statements on a going concern basis.

2.5. Revenue Recognition

The Company earns service revenues from contracts with customers through the delivery of its clinical communication services to clients. Revenue is recognized when or as control of the performance obligation is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those services. The Company determines revenue recognition through the application of the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;

PAREXELMMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

2. ACCOUNTING POLICIES *(continued)*

2.5. Revenue Recognition *(continued)*

- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, the Company satisfies a performance obligation.

Contract provisions do not provide for rights of return or refund, but normally include rights of cancellation with notice (typically 90 days), in which case services delivered through the cancellation date are due and payable by the client, including certain costs to conclude the trial or study.

The Company offers volume discounts or rebates to certain of its large customers based on annual volume, which is treated as variable consideration. The Company records an estimate of the volume rebate as a reduction of the transaction price based on the estimated total rebates to be earned by the customers for the period.

2.6. 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 tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

Leasehold improvements	Over the period of the lease
Furniture, fittings and equipment	5 years
Computer hardware	3-5 years
Motor vehicles	5 years
Right-of-use lease asset	Over the period of the lease

The carrying values of tangible fixed assets are assessed for the existence of impairment indicators annually. Where there is an indicator of impairment, tangible fixed assets are tested for impairment. Impairment losses are charged in the income statement account as incurred.

2.7. Intangible assets

Expenditure on the research phase of projects to develop new customised software is recognised as an expense as incurred. Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided that they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the software;
- the software will generate probable future economic benefits.

All intangible assets are accounted for subsequently using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual value and useful lives are reviewed at each reporting date. The useful lives are:

Software development	3-8 years
External Software	3 years

Amortisation is included within administration expenses in the Income Statement.

PAREXELMMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

2. ACCOUNTING POLICIES *(continued)*

2.8. *Financial assets*

The Company classifies its financial assets in accordance with the requirements of IFRS 9 Financial Instruments ("IFRS 9"). The standard is based on the concept that financial assets should be classified and measured at fair value, with changes in fair value recognised in profit and loss as they arise ("FVPL") unless restrictive criteria are met for classifying and measuring the asset at either Amortized Cost or Fair Value Through Other Comprehensive Income ("FVOCI").

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value. Under the "Expected Credit Loss" model, an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

IFRS 9 establishes three separate approaches for measuring and recognizing expected credit losses, a general approach, a simplified approach and a credit adjusted approach. The approach is dependent on whether the allowance for expected credit losses at the balance sheet date is calculated by considering possible defaults only for the next twelve months ("twelve-month ECLs") or for the entire remaining life of the asset ("Lifetime ECLs"). The Company applies the simplified approach and always recognises lifetime expected credit losses (ECL) for trade debtors and intercompany receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

If an individual ECL which has been provided for is subsequently collected, the ECL is reversed and recognized in the Income Statement in the period that it is realised.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Write-off policy

Individual trade debtor accounts are evaluated on a regular basis and in circumstances where the Company is made aware of a specific customer's inability to meet its financial obligations and there is no realistic prospect of recovery, a specific allowance is established. Uncollectible invoices are written off when collection efforts have been exhausted however may still be subject to enforcement activities under the Company's recovery procedures.

2.9. *Financial liabilities*

The Company classifies its financial liabilities in accordance with the requirements of IFRS 9 Financial Instruments ("IFRS 9"). The Company's financial liabilities include amounts owed to group undertakings.

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

2. ACCOUNTING POLICIES *(continued)*

2.9. *Financial liabilities (continued)*

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2.10. *Foreign currencies*

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange prevailing at the balance sheet date. All differences are taken to the income statement.

2.11. *Pension scheme*

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from the Company in an independently administered fund. The pension costs charged represent contributions payable by the Company to the fund in respect of the accounting period. Any difference between amounts paid and amounts payable is showing within either prepayments or accruals on the balance sheet.

2.12. *Current and deferred income tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

2. ACCOUNTING POLICIES *(continued)*

2.12. *Current and deferred income tax (continued)*

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

2.13. *Management interest grants*

The Company incurs charges from PAREXEL Investment Holdings L.P. (the "Partnership"), a parent Company to the Company for interest awards that are granted to certain key executives of the Company (see Note 15). The Company does not issue any equity instruments.

The Partnership grants to certain executives and other key employees of the Company and members of the Board equity interests in the Partnership in the form of Class B Interests (such interests, the "Class B Interests" and such grant, "an award"), which are subject to both time-vesting requirements (representing 1/3 of the award) ("Time Vesting Class B Interests") and performance-vesting requirements (representing 2/3 of the award) ("Performance Vesting Class B Interests"). The Class B Interests were not issued for consideration.

The Time Vesting Class B Interests generally vest on each of the first four anniversaries of the vesting commencement date, subject to a participant's continued employment with the Company through each applicable vesting date. In the event of a change of control, all unvested Time Vesting Class B Interests will accelerate and fully vest upon the consummation of such change of control. Additionally, in the event of a qualifying termination, a participant's unvested Time Vesting Class B Interests will remain outstanding and eligible to vest upon a change of control that occurs during the six (6)-month period following such termination (the "tail period"). If a change of control does not occur during the tail period, any unvested Time Vesting Class B Interests will terminate upon the expiration of the tail period, provided that a pro-rata portion of the tranche of Time Vesting Class B Interests eligible to vest at the time of such qualifying termination will vest.

During the fourth quarter of 2020, the Management Interest Grant Agreement was modified to remove the requirement that the Sponsor achieve a Return on Investment Multiple ("ROIM") of at least 1.50x. Accordingly, the Performance-Vesting Profit Interests cliff vest and become Vested Interests solely if the Sponsor achieves an Internal Rate of Return equal to or greater than eight percent (8%) at the time of a Measurement Date.

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

2. ACCOUNTING POLICIES *(continued)*

*2.13. Management interest grants *(continued)**

In the event of a qualifying termination, a participant's Performance Vesting Class B Interests will remain outstanding and eligible to vest upon a change of control or an initial public offering or cash distribution, in each case, during the tail period and will vest upon such change of control or initial public offering or cash distribution (as applicable) to the extent any of the above-referenced performance hurdles are met as a result of such change of control or initial public offering or cash distribution (as applicable). Any Performance Vesting Class B Interests that have not vested as of the expiration of the tail period will terminate immediately upon the expiration of such tail period.

2.14. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement.

2.15. Research and Development

The Company's core clinical communication services that are delivered to the pharmaceutical industry are considered research and development activities. These amounts are charged to the income statement as incurred and are included within cost of sales.

2.16. Impact of new accounting standards

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective; IFRS 3 Definition of a Business (Amendments to IFRS 3) and IFRS 16 Covid-19 Rent Related Concessions. The directors of the Company are presently assessing the impact of adoption of the Standards listed above on its financial statements but do not expect the new standards will have a material impact on the financial statements of the Company in future years.

2.17. The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use lease asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

PAREXELMMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

2.17. *The Company as a lessee (continued)*

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- a. The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- b. The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- c. A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use lease assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use lease asset, the costs are included in the related right-of-use lease asset, unless those costs are incurred to produce inventories.

Right-of-use lease assets are depreciated over the shorter period of the lease term or the asset's useful life. If a lease transfers ownership of the underlying asset or the cost of the right-of-use lease asset reflects that the Company expects to exercise a purchase option, the related asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use lease assets are presented within the tangible fixed assets line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use lease asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

2.17. *The Company as a lessee (continued)*

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use lease asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the administrative expenses line item.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Policies applicable prior to 1 July 2019

Rentals applicable to operating leases were charged to the income statement on a straight-line basis over the lease term. Lease incentives were recognised as a reduction of rental expense, and the benefit was allocated over the lease term.

2.18. *Prior period adjustment*

	Share capital presented as share	Share premium	Retained earnings	Total equity
	£' 000	£' 000	£' 000	£' 000
Balance as at 1 July 2019	10	108	4,182	4,300
Adjustment for the adoption of IFRS 16	—	—	(21)	(21)
Effect of prior period transfer pricing adjustment error	—	—	(302)	(302)
Effect of prior period pass through costs and intercompany cross charges error	—	—	—	—
Balance as at 1 July 2019 - As restated	10	108	3,859	3,977

During 2021, the Company discovered that some pass-through costs and intercompany cross-charges had been erroneously netted against either revenue or cost of sales in prior periods. As a consequence, cost of sales and revenue respectively have been understated with however no impact to net profit. Also during 2021, the Company determined it had booked a transfer pricing adjustment which reduced revenue that related to the year ended 30 June 2019. However the transaction had incorrectly been recognized in the financial period ended 31 December 2020. As such, the prior period financials have been restated to include this transaction. The impact of this on 2019 is a decrease to revenue of £302,000, being a transfer pricing adjustment to revenue, with a corresponding decrease to intercompany receivables. Any disclosures impacted by this amendment have been marked as restated.

The errors have been corrected by restating each of the affected financial statement line items for the prior period.

The effects of the prior period error are summarised below:

	2019
	£' 000
Profit and loss account	£' 000
Turnover - increase	1,125
Cost of sales - increase	(1,427)
Increase in loss for the financial year	<u>(302)</u>

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

3. TURNOVER

Turnover which is stated net of discounts, rebates and value added tax is attributable to the provision of services in the area of Clinical Research Services (CRS) to the pharmaceutical industry. Disclosure of turnover in respect of each class of business and each geographical segment has not been provided as the directors believe it would be seriously prejudicial to the interests of the Company from a competitive perspective.

4. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after charging:

	18-month period from 01 July 2019 to 31 December 2020	Year ended 30 June 2019
	£'000	£'000
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of the	84	59
Depreciation of tangible fixed assets owned (note 10)	126	44
Depreciation of right-of-use lease asset	355	—
Amortisation of intangible assets (note 9)	36	—
Impairment of right-of-use lease asset	301	—
Research and development costs	17,875	17,648
Operating lease rentals:		
Buildings	—	310
(Gain) / loss on asset disposal	(187)	21
Foreign exchange (gains) / losses	(436)	755
Other income	(189)	—
Loss allowance on trade and intercompany receivables	(39)	(50)

Other income relates to amounts received by the Company for the Coronavirus Job Retention Scheme ("CRJS"). Amounts received were accounted for on a cash receipts basis.

5. STAFF COSTS

	18-month period from 01 July 2019 to 31 December 2020	Year end 30 June 2019
	£'000	£'000
Staff costs during the period / year comprised:		
Wages and salaries	7,620	4,591
Social security costs	710	420
Other pension costs	547	359
Share based payments	122	(7)
	8,999	5,363

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

5. STAFF COSTS *(continued)*

The average number of employees of the Company during the period / year was as follows:

	18-month period from 01 July 2019 to 31 December 2020	Year end 30 June 2019
	Number	Number
Sales and distribution staff	94	92
Management and administration staff	5	7
	<u>99</u>	<u>99</u>

The directors of the Company are also directors of a number of other companies within the West Street Topco Limited group. The directors' services do not occupy a significant amount of their time. As such, the directors do not consider that they have received any remuneration for their incidental services to the Company for the period ended 31 December 2020 (Year ended 30 June 2019: Nil). Retirement benefits are accruing to none of the directors under the defined contribution pension scheme (30 June 2019: Nil).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	18-month period from 01 July 2019 to 31 December 2020	Year end 30 June 2019
	£'000	£'000
Interest on bank deposits	17	30
	<u>17</u>	<u>30</u>

7. INTEREST PAYABLE AND SIMILAR COST

	18-month period from 01 July 2019 to 31 December 2020	Year end 30 June 2019
	£'000	£'000
Interest on bank overdraft	19	15
Other	9	23
Interest on lease liability	30	—
	<u>59</u>	<u>38</u>

PAREXELMMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the eighteen-month period ended 31 December 2020

8. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

	18-month period from 01 July 2019 to 31 December 2020	Year ended 30 June 2019
	£'000	£'000
a) Analysis of profit and loss tax account charge / (credit)		
Current tax		
Current tax on profit / (loss) for the period / year	219	—
Adjustment in respect of prior years	(265)	(15)
Foreign tax suffered	2	9
Total current tax credit	(44)	(6)
Deferred tax (Note 11a)		
Current period / year	43	(228)
Adjustment in respect of prior years	243	—
Effect of changes in tax rates	(13)	19
Total deferred tax charge / (credit)	273	(209)
Total tax charge / (credit) for the period / year	229	(215)
b) Factors affecting the tax charge for the period / year		
Profit / (loss) on ordinary activities before tax	1,028	(1,397)
Tax on profit / (loss) at standard UK tax rate of 19% (2019: 19%)	195	(265)
Effect of:		
Adjustment in respect of prior periods	(22)	(15)
Prior year restatement tax impact not adjusted	—	57
Expenses not deductible	88	1
Income not taxable	(21)	(21)
Tax rate changes	(13)	19
Foreign tax suffered	2	9
Total tax charge / (credit) for the period / year	229	(215)

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 30 June 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the period end.

c. Factors that may affect future tax charges

Furthermore, in the March 2021 Budget it was announced that the main rate of UK corporation tax will increase to 25% from 1 April 2023. As the proposal had not been substantively enacted at the balance sheet date, its effects are not included.

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

8. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

c. Factors that may affect future tax charges (continued)

A small profits rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate, reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate.

9. INTANGIBLE ASSETS

	Software £'000
Cost	
At 1 July 2019	1,037
Reclassification from tangible fixed assets	115
Disposals	(568)
At 31 December 2020	<u>584</u>
Amortisation:	
At 1 July 2019	1,037
Provided in the period	36
Disposals	(568)
At 31 December 2020	<u>505</u>
Net book amount	
At 31 December 2020	<u>79</u>
At 30 June 2019	<u>—</u>

During the eighteen-month period ended 31 December 2020 the Company retired software assets that were no longer in use and had been previously fully amortized. The original cost of these assets was £568,000.

PAREXELMMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

10. TANGIBLE FIXED ASSETS

	Leasehold Improvements and Buildings	Furniture, Fittings and Equipment	Computer Hardware	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2019	509	542	1,086	13	2,150
Adoption of IFRS 16 at 1 July 2019	828	—	—	—	828
Additions	—	—	11	—	11
Reclassification to intangible assets	—	—	(115)	—	(115)
Disposals	(20)	(67)	(878)	(13)	(978)
Impairment	(301)	—	—	—	(301)
At 31 December 2020	1,016	475	104	—	1,595
Depreciation					
At 1 July 2019	403	449	941	13	1,806
Provided during the period	405	49	27	—	481
Disposals	(9)	(67)	(878)	(13)	(967)
At 31 December 2020	799	431	90	—	1,320
Net book amount					
At 31 December 2020	217	44	14	—	275
At 30 June 2019	106	93	145	—	344

Leasehold Improvements and Buildings includes right-of-use assets as a result of the adoption of IFRS 16 on 1 July 2019. Assets of £828,000 were recognised. The depreciation charge for the eighteen-month period was £355,000 and interest expense on the corresponding lease liability was £30,000. During the period the Company carried out a review of the office space and as a result part of one building was vacated and the right-of-use asset under Leasehold Improvements and Buildings was further impaired by £301,000. Therefore, the total carrying value of right-of-use assets at the end of the period is £172,000, all presented within Leasehold Improvements and Buildings. A description of the implementation of IFRS 16 is set out in Note 2.

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

11. DEBTORS

	As at 31 December 2020	As at 30 June 2019 (restated)
	£'000	£'000
Amounts falling due within one year		
Trade debtors	340	3,093
Amounts owed by group undertakings	494	1,866
Other debtors	185	248
Prepayments	1	43
Accrued income	278	909
	1,298	6,159
Amounts falling due after one year		
Other debtors	26	25
Deferred tax (note 11a)	86	359
	112	384
Impact of IFRS 9		
Trade debtors, gross	347	3,116
Allowance for credit losses	(7)	(23)
Trade debtors, net	340	3,093
Amounts owed by group undertakings, gross	495	1,890
Allowance for credit losses	(1)	(24)
Amounts owed by group undertakings, net	494	1,866

Amounts owed by group undertakings are unsecured, are repayable on demand and are non-interest bearing.

The Company calculated the loss allowance of amounts owed by group undertakings using the general approach in IFRS 9 which uses the below formula to determine the provision.

$$ECL = EAD \times LGD \times PD$$

Where:

- a. EAD – Exposure at default is defined as the value of the financial instrument which is exposed to credit risk.
- b. LGD – Loss given default is defined as the share of a financial asset that will be lost should the borrower default.
- c. PD – Probability of default is defined as the likelihood of default of a counterparty over a period assessed to be 1.1%.

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

11. DEBTORS *(continued)*

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. No trade receivables have been written off due to enforcement activities.

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance is based on past due status.

31 December 2020 £'000	Debtors – days past due						Total	
	Not past due	<30	31-60	61-90	91-180	181-360		>360
Expected credit loss rate	0.5%**	5 %	5 %	10 %	10 %	50 %	100 %	
Trade receivables, gross carrying amount	123	(92)	(3)	65	(29)	—	(51)	13
Lifetime ECL	(1)	— *	— *	(6)	— *	—	— *	(7)
Trade receivables, net carrying amount	122	(92)	(3)	59	(29)	—	(51)	6

** rounded from 0.499%

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

11. DEBTORS *(continued)*

30 June 2019 £'000	Not past due	<30	31-60	61-90	91-180	181-360	>360	Total
Expected credit loss rate	0.5%***	5%	5%	10%	10%	50%	100%	
Trade receivables, gross carrying amount	3,001	165	—	—	—	(1)	(49)	3,116
Lifetime ECL	(14)	(8)	—	—	—	(1)*	—*	(23)
Trade receivables, net carrying amount	2,987	157	—	—	—	(2)	(49)	3,093

*** rounded from 0.466%

* For the period ended 31 December 2020, the less than thirty-day bucket, the thirty-one to sixty-day bucket, the ninety-one to one-hundred-and eighty-day bucket and the greater than three-hundred-and sixty-day bucket in the Debtors Ageing table was a net credit balance. For the year ended 30 June 2019, the greater than three-hundred-and sixty-day bucket in the Debtors Ageing table was a net credit balance. For purposes of calculating the IFRS 9 lifetime credit ECL, the net credit balance was broken out into the net debit and net credit components and a lifetime credit ECL provided for the net debit component. This lifetime credit ECL is provided for at 100%.

The following table shows the movement in lifetime credit ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9:

	£'000
Balance as at 1 July 2019	47
Amount written off in current period:	
Trade receivables	(16)
Amounts owed by group undertakings	(23)
Balance at 31 December 2020	8

PAREXELMMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

11. DEBTORS *(continued)*

11. (a) Deferred Taxation

The deferred tax asset of the Company is as follows:	1 July 2019	Charge to income statement	Credit to comprehensive income	31 December 2020
	£'000	£'000	£'000	£'000
Accelerated capital allowances	103	(47)	—	56
Short term timing differences	25	5	—	30
Tax losses	231	(231)	—	—
Adjustment from the adoption of IFRS 15	—	—	—	—
	359	(273)	—	86

The deferred tax asset of the Company is as follows:	1 July 2018	Charge to income statement	Credit to comprehensive income	30 June 2019
	£'000	£'000	£'000	£'000
Accelerated capital allowances	123	(20)	—	103
Short term timing differences	72	(47)	—	25
Tax losses	—	231	—	231
Adjustment from the adoption of IFRS 15	—	44	(44)	—
	195	208	(44)	359

Based upon the current year financial forecast, a deferred tax asset has been recognised at 31 December 2020 as the Company expects to be in a profitable position in future years.

12. CREDITORS

	As at 31 December 2020	As at 30 June 2019
	£'000	£'000
Amounts falling due within one year		
Deferred income	660	2,513
Bank overdraft	331	73
Trade creditors	84	535
Amounts owed to group undertakings	894	339
Taxation and social security	215	138
Accruals	820	609
Other creditors	334	—
Corporation tax payable	219	—
Lease liability	307	—
	3,864	4,207

PAREXELMMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

12. CREDITORS *(continued)*

	As at 31 December 2020	As at 30 June 2019
	£'000	£'000
Amounts falling due after one year		
Other creditors	124	2
Lease liability	85	—
	<u>209</u>	<u>2</u>

Bank overdraft is unsecured and repayable on demand. Interest is charged at Libor +3%.

Amounts owed to group undertakings are unsecured, are repayable on demand are non-interest bearing.

Total cash outflow for leases for the eighteen-month period was £457,028.

Analysis of lease liabilities

	As at 31 December 2020	As at 30 June 2019
	£'000	£'000
Amount due for settlement:		
On demand	307	0
Between one and five years	85	0
	<u>392</u>	<u>0</u>

13. PROVISIONS FOR LIABILITIES

Provisions consist of an accrual as a result of a Margin Acceleration Programme's ("MAP") restructuring charge recorded at entity and an onerous lease provision.

	Provision for onerous lease	Provision for dilapidations	Total
	£'000	£'000	£'000
At 1 July 2019	13	145	158
Utilised during the period	(52)	—	(52)
Provided during period	57	—	57
Asset adjustment	—	(69)	(69)
Interest	1	8	9
At 31 December 2020	<u>19</u>	<u>84</u>	<u>103</u>

PAREXEL MMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

14. SHARE CAPITAL PRESENTED AS EQUITY

	As at 31 December 2020	As at 30 June 2019
	£'000	£'000
Allotted, called up and fully paid		
5,000,000 ordinary shares of £0.0019	10	10

Retained earnings is the accumulated retained earnings of the Company since incorporation. Movement for the period ended 31 December 2020 is the profit for the current financial period as shown in the income statement on page 13.

15. MANAGEMENT INTEREST GRANTS

Interest Subscription Agreement

Following the Merger, PAREXEL Investment Holdings L.P. (the "Partnership"), a parent company to the Company, offered Series A-2 Interests of the Partnership to certain key executives of the Company in exchange for cash priced at fair market value. Since there is no public market for these interests, fair value was determined by the General Partner giving consideration to the acquisition of PAREXEL by Pamplona and subsequently supported by an independent valuation performed by a third-party valuation specialist.

Management Interest Grant Agreement (MIGA)

Following the Merger, the Partnership granted to certain executives and other key employees of the Company and members of the Board equity interests in the Partnership in the form of Class B Interests (such interests, the "Class B Interests" and such grant, "an award"), which are subject to both time-vesting requirements (representing 1/3 of the award) ("Time Vesting Class B Interests") and performance-vesting requirements (representing 2/3 of the award) ("Performance Vesting Class B Interests").

During the period 250,000-time vesting equity interests and 500,000 performance vesting equity interests were granted. (Year ended 30 June 2019: Nil. For the eighteen-month period 31 December 2020 the expense was £122,000 (Year ended 30 June 2019: (£7,000)). No expense was recognised for performance equity interests as the change in control provision was not determined to be probable at the balance sheet date. The activity for the eighteen-month period was:

	Units	Fair Value
Outstanding at 1 July 2019	1,500,000	\$0.02
Granted during the period	750,000	\$0.02
Outstanding at 31 December 2020	2,250,000	\$0.35

The weighted average remaining life for Time Vesting Class B interests is 1 year and 10 months.

PAREXELMMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the eighteen-month period ended 31 December 2020

16. PENSIONS

The Company operates a defined contribution scheme. The pension contributions for the eighteen-month period amounted to £547,000 (Year ended 30 June 2019: £359,000). Included in creditors is £51,000 (Year ended 30 June 2019: £50,000) in respect of contributions to the scheme.

17. LEASING COMMITMENTS

Future minimum rentals payable under non-cancellable leases are as follows:

	<i>Buildings</i>	
	As at 31 December 2020	As at 30 June 2019
	£'000	£'000
Not later one year	—	331
After one year but not more than five years	—	567
After five years	—	—
	—	898

Leases previously contributing to this note have now been capitalised in line with IFRS 16, see note 10 & 12.

18. RELATED PARTY TRANSACTIONS

The Company has availed of the exemption provided in FRS 101.8(k) whereby transactions entered into between two or more members of a group of companies are not required to be disclosed, provided that any subsidiary undertaking which as a party to the transaction is a wholly owned member of that group.

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking and controlling party is PAREXEL International Holding BV.

As at 31 December 2020, the Company's ultimate parent and ultimate controlling party is West Street Topco Limited, incorporated in Jersey, The Channel Islands. As at 31 December 2020, West Street Topco Limited is the smallest and largest group to consolidate the Company's financial statements, copies of which can be obtained from:

West Street Topco Limited,
26 New Street,
St Helier,
Jersey, JE2 3RA
The Channel Islands.

PAREXELMMS Europe Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
for the eighteen-month period ended 31 December 2020

20. POST BALANCE SHEET EVENTS

On 02 July 2021, Parexel announced the execution of a definitive merger agreement under which it will be acquired by EQT IX fund ("EQT Private Equity") and the Private Equity business within Goldman Sachs Asset Management ("Goldman Sachs"). The transaction is subject to customary conditions, including receipt of applicable regulatory approvals.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorised and approved for issue by the Board on 30TH SEPTEMBER 2021