

**Sartorius Stedim Chromatography Systems Ltd**  
**Annual Report and Financial Statements**  
for the period from 29 November 2019 to 31 December 2020

**Registration number: 12340838**



## Company information

<b>Directors</b>	M W Bylett S Fegan T Peuker
<b>Secretary</b>	S Fegan
<b>Banker</b>	HSBC Bank plc 54 High Street Epsom Surrey KT19 8DS
<b>Auditor</b>	KPMG LLP Chartered Accountants Botanic House 100 Hills Road Cambridge CB2 1AR United Kingdom
<b>Registered office</b>	Grantham Close York Way Royston Hertfordshire SG8 5WY

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## STRATEGIC REPORT

### Principal activity

Sartorius Stedim Chromatography Systems Ltd is a private limited Company incorporated in England & Wales on 29 November 2019. Business operations commenced in May 2020 following acquisition of the Danaher business of Pall Manufacturing UK Ltd and Pall Europe Limited.

The Company is a wholly owned subsidiary of Sartorius Stedim Biotech GmbH, an international provider of integrated solutions for the biopharmaceutical industry. Sartorius Stedim Chromatography Systems Ltd principally operates in the United Kingdom.

The Company's principal activity is manufacturing and engineering of a wide portfolio of chromatography systems. Products include Chromatography multi-use and single-use equipment, columns and consumables for customers seeking a high-performance downstream purification solution.

### Review of the business and Key Performance Indicators

- Sales orders for 2020 was £64m
- The turnover for the period was £29m resulting in a profit before tax of £259k.
- Gross margin for the period was 24.9%

Full details of the trading results of the Company can be found in the profit or loss account and other comprehensive income and associated notes to the financial statements.

### Risks and uncertainties

#### Competitive risks

The Company brings new technologically advanced products to market, maintaining its technological advantage in the novel products it supplies to customers. The principal competitive risk relates to the successful introduction of new products and the possibility of competitor companies catching up with this advantage and developing substitute products.

The acquisition by Sartorius has strengthened the competitive position of the company through access to the wider Sartorius customer network that competitor companies would not replicate easily.

#### Legislative risks

In the UK and Europe, all the group's products must be manufactured to comply with EU standards. In the USA and across other countries worldwide, there are equivalent regulations that apply. Certain application areas in which the Company is active may also impose compliance constraints.

Within the pharmaceutical industry, standards of Good Manufacturing Practice (GMP) have been established and, while these issues are considered in product designs, they may also impose compliance constraints.

Changes in regulations and statutes are monitored regularly and action is taken to mitigate against risks that may affect the Company's ability to undertake business profitably.

**STRATEGIC REPORT (continued)**

**Risks and uncertainties (continued)**

**Foreign currency fluctuations**

A significant proportion of the Company's revenue is generated from exports, particularly to Europe and USA. Foreign exchange fluctuations may impact price competitiveness where local suppliers are able to offer competing products.

Additionally, the Sartorius Group is exposed to the variability of foreign exchange rates on its receipts from contracts denominated in currencies other than pounds sterling (GBP). The Company utilises the treasury function provided centrally by the Sartorius Group to reduce exposure to variability of foreign exchange rates.

Both the Company and the Group's policy is to maintain natural hedges where possible by matching dollar (USD) and euro (EUR) revenues with USD and EUR expenditure respectively.

**Corporate responsibility**

Corporate responsibility strategy is an integral part of our overall group strategy. A Corporate responsibility Steering Committee meets annually. At the meeting led by our Chief Executive Officer, senior-level managers and steering committee members discuss the current sustainability and responsibility issues, data structure and collection, derivation of objectives, and action items. As one of the leading partners in the biopharmaceutical industry, we are committed to contributing to a future, where more people have access to better medicine.

By order of the board

*Scott Fegan*

**S Fegan**  
Company Secretary

18 October 2021

Grantham Close  
York Way  
Royston  
Hertfordshire  
SG8 5WY

## **REPORT OF THE DIRECTORS**

### **Directors**

The directors who served during the period were as follows:

W Brauer (Appointed 29 November 2019, Resigned 13 May 2020)

M W Bylett (Appointed 13 May 2020)

S Fegan (Appointed 13 May 2020)

T Peuker (Appointed 13 May 2020)

None of the directors had any interests in the shares of the Company.

### **Proposed dividend**

The directors do not recommend the payment of a dividend.

### **Going concern**

On the basis of its assessment of the company's financial position and resources, the Board believes that the company is well placed to manage its business risks. Therefore, the company's Board has a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Thus, it continues to adopt the going concern basis in preparing the annual financial statements.

In preparing the financial statements on this basis, the Board has considered the impact of Covid-19 and concluded that the risks associated to this have been suitably mitigated. The Company is a fully owned subsidiary of Sartorius AG (the Group). It has no external debt being part of the group's cash-pooling arrangement. At the end of each day, any cash held by the company is transferred to the Group and if the company is in an overdraft position it receives money from the group, so that the balance in the company's bank account at the end of each day is nil and they have a receivable or payable from the Group. At 31st December 2020 the company had a creditor balance due to the Group of £11,933,890, this amount has been fully settled at the time of signing these financial statements. The company has access to a credit facility through the cash pooling arrangement sufficient to allow it to meet its liabilities as they fall due for the forecast period. Therefore, it has the ability to raise cash for shortfalls related to Covid-19 or other temporary trading gaps, thus enabling it to access adequate resources.

The Directors have assessed the viability of the Group and are satisfied in Group's ability to continue operations despite the COVID-19 pandemic and a corresponding increase in uncertainty in the economic environment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

### **Employees**

The Company believes one of its greatest assets is its staff. Annual performance reviews between employees and their supervisors provide a forum for discussing performance, targets, and individual development opportunities.

### **Political contributions**

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

**REPORT OF THE DIRECTORS** (continued)

**COVID-19**

The company provides essential products for the life science industry and operations have continued largely unaffected; therefore, the Covid-19 pandemic has had no adverse impact on underlying sales for the Company in 2020.

**Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make them aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

KPMG LLP were appointed auditor in the period. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

*Scott Fegan*

**S Fegan**

Company Secretary

18 October 2021

Grantham Close  
York Way  
Royston  
Hertfordshire  
SG8 5WY

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITORS'S REPORT TO THE MEMBERS OF SARTORIUS STEDIM CHROMATOGRAPHY SYSTEMS LTD**

### **Opinion**

We have audited the financial statements of Sartorius Stedim Chromatography Systems Ltd ("the company") for the period ended 31 December 2020, which comprise the Statement of Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies.

In our opinion the financial statements:

- 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 UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

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

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

Our conclusions based on this work:

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

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

## **INDEPENDENT AUDITORS'S REPORT TO THE MEMBERS OF SARTORIUS STEDIM CHROMATOGRAPHY SYSTEMS LTD (CONTINUED)**

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

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

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

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

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

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue is mainly derived from goods it manufactured and sold to other related parties within the group. This revenue was considered to be simple and straightforward and not exposed to a risk of fraudulent revenue.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals entries posted to unrelated accounts, journal entries posted to unrelated accounts linked to cash and journal entries containing key words such as reversals, reclassifications, and restatement.

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

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

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

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

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

## **INDEPENDENT AUDITORS'S REPORT TO THE MEMBERS OF SARTORIUS STEDIM CHROMATOGRAPHY SYSTEMS LTD (CONTINUED)**

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, Consumer Rights Act 2015 and Sale of Goods Act, foreign corrupt practices, GDPR compliance. Auditing standards limit the required audit procedures to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

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

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

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

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

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

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

- adequate accounting records have not been kept, 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

## INDEPENDENT AUDITORS'S REPORT TO THE MEMBERS OF SARTORIUS STEDIM CHROMATOGRAPHY SYSTEMS LTD (CONTINUED)

### Matters on which we are required to report by exception (Continued)

- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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

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

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

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



**Kelly Dunn (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR

18 October 2021

Sartorius Stedim Chromatography Systems Ltd  
Annual report and financial statements  
for the period from 29 November 2019 to 31 December 2020

**Statement of Profit and Loss Account and Other Comprehensive Income**  
For the period from 29 November 2019 to 31 December 2020

		14 months period ended 31 December 2020
	Notes	£'000
<b>Turnover</b>	2	29,037
Cost of sales		<u>(21,808)</u>
<b>Gross profit</b>		7,229
Research and development expenses		(23)
Selling and marketing expenses		(1,400)
Administration expenses		<u>(3,836)</u>
<b>Operating profit</b>	3	1,969
Other interest receivable and similar income	4	888
Interest payable and similar expenses	4	<u>(2,598)</u>
<b>Profit before taxation</b>		259
Tax on profit	5	<u>(90)</u>
<b>Profit for the financial period</b>		<u>169</u>
Other comprehensive income for the period		<u>-</u>
<b>Total comprehensive income for the period</b>		<u><u>169</u></u>

The notes on pages 15 to 28 form part of these financial statements.

All amounts relate to continuing operations.

Sartorius Stedim Chromatography Systems Ltd  
Annual report and financial statements  
for the period from 29 November 2019 to 31 December 2020

**Balance Sheet**

As at 31 December 2020

	<i>Notes</i>	31 December 2020
		£'000
<b>Fixed assets</b>		
Intangible assets	8	38,310
Goodwill	8	12,202
Tangible assets	9	4,317
		54,829
<b>Current assets</b>		
Stock	10	17,738
Debtors	11	15,289
		33,027
<b>Creditors: Amounts falling due within one year</b>	12	(20,397)
		12,630
<b>Net current assets</b>		12,630
<b>Total assets less current liabilities</b>		67,459
<b>Creditors: Amounts falling due after one year</b>	13	(32,713)
<b>Provision for liabilities</b>		(577)
Provision for warranties	14	(577)
<b>Net assets</b>		34,169
<b>Capital and reserves</b>		
Called up share capital	15	34,000
Profit and loss account		169
<b>Shareholders' funds</b>		34,169

The notes on pages 15 to 28 form part of these financial statements.

These financial statements were approved by the board of directors on 18 October 2021 and were signed on its behalf by:

*Scott Fegan*

**Scott Fegan**  
Director  
Company registered number: 12340838

**Statement of Changes In Equity**

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>On incorporation on 29 November 2019</b>	5	-	5
Profit for the period	-	169	169
<b>Transactions with owners, recorded directly in equity</b>			
Issue of shares (note 15)	33,995	-	33,995
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	169	34,169
<b>Balance at 31 December 2020</b>	<b>34,000</b>	<b>169</b>	<b>34,169</b>

The notes on pages 15 to 28 form part of these financial statements.

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

Sartorius Stedim Chromatography Systems Ltd (the "Company") is a company incorporated, domiciled and registered in the UK. The registered number is 12340838 and the registered address is Grantham Close, York Way, Royston, Hertfordshire, United Kingdom, SG8 5WY.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Sartorius AG includes the Company in its consolidated financial statements. The consolidated financial statements of Sartorius AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from [www.sartorius.com](http://www.sartorius.com). These financial statements present information about the Company as an individual undertaking and not about the Sartorius Group.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Sartorius AG include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes to the financial statements.

### Basis of preparation

On the basis of its assessment of the company's financial position and resources, the Board believes that the company is well placed to manage its business risks. Therefore, the company's Board has a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Thus, it continues to adopt the going concern basis in preparing the annual financial statements.

In preparing the financial statements on this basis, the Board has considered the impact of Covid-19 and concluded that the risks associated to this have been suitably mitigated. The Company is a fully owned

subsidiary of Sartorius AG (the Group). It has no external debt being part of the group's cash-pooling arrangement. At the end of each day, any cash held by the company is transferred to the Group and if the company is in an overdraft position it receives money from the group, so that the balance in the company's bank account at the end of each day is nil and they have a receivable or payable from the Group. As at 31st December 2020 the company had a creditor balance due to the Group of £11,933,890, this amount has been fully settled at the time of signing these financial statements. The company has access to a credit facility through the cash pooling arrangement sufficient to allow it to meet its liabilities as they fall due for the forecast period. Therefore, it has the ability to raise cash for shortfalls related to Covid-19 or other temporary trading gaps, thus enabling it to access adequate resources.

The Directors have assessed the viability of the Group and are satisfied in Group's ability to continue operations despite the COVID-19 pandemic and a corresponding increase in uncertainty in the economic environment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies (Continued)

#### 1.1 Critical accounting judgements and key estimation uncertainties

Preparation of the financial statements in conformity with IFRS requires that management make certain judgements, estimates and assumptions that affect the reported revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgements at the date of the financial statements, deviate from actual circumstances, the original estimate and assumptions will be updated as appropriate in the period in which the circumstances change.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. It is not believed that there are any estimates and assumptions in preparing these accounts that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 1.2 Revenue recognition

All revenues derived from the selling of products and rendering of services are recognized as sales. Other operational revenues are recognized as other operating income. These revenues are net of discounts and VAT.

Sales are recognised when goods are dispatched.

For customer specific construction contracts, sales revenue is recognized in the stages defined in the contract as each milestone activity specified has been completed.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.4 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an expense in the profit and loss account in the periods during which services are rendered by employees.

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies (Continued)

#### 1.5 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

#### 1.6 Dividends

Dividends are not recorded in the financial statements until the period in which they are paid.

#### 1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided 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:

Computer equipment	-	3 years
Fixtures fittings and equipment	-	3-5 years
Leasehold improvements	-	The remainder of the lease period

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

#### 1.8 Intangible assets and goodwill

Intangible assets are initially measured at cost. After initial recognition intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The original acquisition costs (or costs of conversion) is to be depreciated over the actual economic useful life using the straight-line method. Amortisation commences when the asset is available for use. The useful lives are dependent on legal, technical and economic factors and is generally not exceeding a period of 20 years.

Residual values of the intangible asset is taken into account if there is a commitment by a third party to purchase the asset at the end of its useful life or if there is an active market for that asset.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies (Continued)

#### 1.9 Intangible assets and goodwill (Continued)

##### *Amortisation*

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. The estimated useful lives are as follows:

Chromatography Technology Patents	- 15 years
BioSMB Technology Patents	- 13 years
Customer Relationships	- 12 years
Order backlog	- 2 years

Goodwill arises on the acquisition of a business, when the costs of acquisition exceed the acquirer's interest in the fair value of the identifiable assets and liabilities acquired at the date of the exchange transaction. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment.

#### 1.10 Research and development

Expenditure on research activities is amortised in the profit and loss account as an expense as incurred. Expenditure on development activities is amortised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure amortised includes the cost of materials, direct labour and an appropriate proportion of overheads and amortised borrowing costs. Other development expenditure is amortised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortised and less accumulated impairment losses.

#### 1.11 Stock

Stocks and semi-finished goods are stated at the lower of cost and net realizable value. Cost includes direct materials, labour and manufacturing overheads incurred in bringing each product to its present location and condition. Net realizable value is based on estimated selling price less further costs to completion and selling costs.

The directors make adjustments for obsolete and slow-moving stock. They determine these adjustments using profiles based on experience and company's accounting standards. They do not consider a change to the current profiles would have a material effect on the profitability of the company.

#### 1.12 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

A provision is recognised for expected warranty claims on products sold during the year and relates to expected costs to be incurred in respect of claims within the warranty period, which is normally 12 months.

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies (Continued)

#### 1.13 Expenses

##### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable, finance expense on shares classified as liabilities and finance expense on lease liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income includes interest receivable on funds invested, interest income on lease receivables and net foreign exchange gains.

Interest receivable and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

Foreign currency gains and losses are reported on a net basis.

#### 1.14 Financial instruments

##### *(i) Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### *(ii) Classification and subsequent measurement*

##### Financial assets

###### (a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost.

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

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

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

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

## NOTES TO THE ACCOUNTS

### 1. Accounting Policies (Continued)

#### Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

#### Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

#### **1.15 Impairment of non-financial assets excluding stocks and deferred tax assets**

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## NOTES TO THE ACCOUNTS

### 2 Turnover

	<b>2020</b> <b>£'000</b>
<b>Primary geographical markets</b>	
UK	2,591
Europe	14,682
USA	8,596
Rest of World	3,168
	<b>29,037</b>

All revenue relates to the sale of goods.

### 3 Expenses and auditor's remuneration

	<b>2020</b> <b>£'000</b>
Profit before tax is stated after charging:	
Depreciation on tangible fixed assets (note 9)	315
Amortisation of intangibles (note 8)	2,020
Foreign currency exchange losses	183

	<b>2020</b> <b>£'000</b>
Auditors' remuneration	
- Audit of these financial statements	24

### 4 Finance income and costs

	<b>2020</b> <b>£'000</b>
<b>Other interest receivable and similar income</b>	
Interest income on bank balances	(888)

Other interest receivable and similar income relates to foreign exchange gains

#### Interest payable and similar expense

Bank and other interest paid	2,598
	<b>1,710</b>

Interest payable and similar expense includes bank charges of £668. £1.9m relates to foreign exchange losses on loan with other group company.

## NOTES TO THE ACCOUNTS

<b>5 Taxation</b>	<b>2020</b>
	<b>£'000</b>
<b>UK corporation tax</b>	
Current tax on income for the period	89
<b>Current tax charge</b>	<u>89</u>
<b>Deferred tax</b>	
Deferred tax charge for the period	1
<b>Tax on profit</b>	<u>90</u>

The tax assessed for the period is lower than the standard UK rate of corporation tax on the profit. This difference is analysed below:

	<b>2020</b>
	<b>£'000</b>
Profit for the period	169
Total tax expense	<u>90</u>
Profit excluding taxation	259
Tax using the UK corporation tax rate of 19%	49
Non-deductible expenses	<u>41</u>
Total tax expense	<u>90</u>

### Factors that may affect future current and total tax charges

On 3 March 2021, it was announced that the main UK corporation tax rate will increase to 25% with effect from 1 April 2023, although this has not yet been substantively enacted. This will increase the company's future tax charge accordingly.

### 6 Directors' remuneration

	<b>2020</b>
	<b>£'000</b>
Directors' remuneration	<u>101</u>

The remuneration paid in the period above was for 1 director for services provided to Sartorius Stedim Chromatography Systems Ltd.

## NOTES TO THE ACCOUNTS

### 7 Staff numbers and costs

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

	<b>2020</b>
	<b>£'000</b>
Wages and salaries	2,318
Social security costs	241
Medical insurance costs	14
Other pension costs *	128
	<u>2,701</u>

\*The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds.

The average number of persons employed by the company during the period was:

	<b>Numbers</b>
Production	41
Administration	6
	<u>47</u>

## NOTES TO THE ACCOUNTS

### 8 Intangible assets

	Goodwill £'000	Chromatography Technology Patents £'000	BioSMB Technology Patents £'000	Customer relationships £'000	Order backlog £'000	Software £'000	Total £'000
<b>Cost</b>							
On incorporation on 29 November 2019	-	-	-	-	-	-	-
Additions	12,202	13,697	13,765	12,191	666	11	52,532
<b>At 31 December 2020</b>	<b>12,202</b>	<b>13,697</b>	<b>13,765</b>	<b>12,191</b>	<b>666</b>	<b>11</b>	<b>52,532</b>
<b>Amortisation:</b>							
On incorporation on 29 November 2019	-	-	-	-	-	-	-
Amortisation for the period	-	609	510	677	222	2	2,020
<b>At 31 December 2020</b>	<b>-</b>	<b>609</b>	<b>510</b>	<b>677</b>	<b>222</b>	<b>2</b>	<b>2,020</b>
<b>Net Book Value:</b>							
At 31 December 2020	12,202	13,088	13,255	11,514	444	9	50,512

## NOTES TO THE ACCOUNTS

### 9 Tangible fixed assets

	Fixtures, fittings & equipment £'000	Computer equipment £'000	Leasehold improvements £'000	Total £'000
<b>Cost</b>				
On incorporation on 29 November 2019	-	-	-	-
Additions	598	138	3,896	4,632
At 31 December 2020	598	138	3,896	4,632
<b>Depreciation:</b>				
On incorporation on 29 November 2019	-	-	-	-
Charge for the period	94	27	194	315
At 31 December 2020	94	27	194	315
<b>Net Book Value:</b>				
At 31 December 2020	504	111	3,702	4,317

### 10 Stock

	<b>2020</b>
	<b>£'000</b>
Raw materials	6,344
Semi-finished goods / work in progress	11,124
Finished goods and goods for resale	270
	17,738

Raw materials, finished goods and Semi-finished goods / work in progress recognised as cost of sales in the period.

## NOTES TO THE ACCOUNTS

### 11. Debtors

	<b>2020</b>
	<b>£'000</b>
Trade debtors	2,852
Amounts recoverable from fellow subsidiary undertakings	3,503
Other debtors	1,716
Other taxation and social security	6,494
Corporation tax payable	715
Prepayments	9
	<u>15,289</u>

### 12. Creditors: Amounts falling due within one year

	<b>2020</b>
	<b>£'000</b>
Trade creditors	5,199
Taxes and social security	135
Other creditors	2
Accruals	2,527
Amounts owed to affiliated companies*	12,534
	<u>20,397</u>

\* Includes £11.9m in relation to cash pooling. There is no expected repayment date or interest rates charged on the amount owed to affiliated companies.

### 13. Creditors: amounts falling due after one year

	<b>2020</b>
	<b>£'000</b>
Loan payables affiliated companies	32,713
	<u>32,713</u>

The interest rate for the loan is 1.02% (variable) and reviewed by Group Treasury on a yearly basis. Maturity date of the loan is 30 April 2023.

### 14. Provision for warranties

	<b>2020</b>
	<b>£'000</b>
Warranty provision:	
At the beginning of the period	-
Provided during the period	577
	<u>577</u>
At 31 December 2020	<u>577</u>

## NOTES TO THE ACCOUNTS

### 15. Share capital

	<b>2020</b>
	<b>£'000</b>
<b>Authorised, allotted, called up and fully paid</b>	
6,800,000 ordinary shares of £5 each	34,000
	<u>34,000</u>

1,000 ordinary shares were issued on incorporation of the company on 29 November 2019.  
6,799,000 ordinary shares were subsequently issued on 4 December 2020.

### 16. Related party transactions

The Company has taken advantage of the exemption available under FRS 101 from disclosing transactions with related parties that are wholly owned by the Sartorius Group.

### 17. Ultimate parent company

The Company is a wholly owned subsidiary of Sartorius Stedim Biotech GmbH, a limited company recorded in the German Commercial Register of the District Court of Gottingen and whose registered address is August-Spindler Strasse 11, 37079 Gottingen, Germany.

The ultimate parent Company is Sartorius AG, a listed joint stock corporation recorded in the German Commercial Register of the District Court of Gottingen (HRB 1970) and whose registered address is Otto-Brenner Strasse 20, 37079 Goettingen, Germany. Copies of the group financial statements, in which this Company's results are consolidated, may be viewed on the parent company's website at [www.sartorius.com](http://www.sartorius.com).

### 18. Subsequent events

There have been no significant events subsequent to period end.