

VWR Jencons USA Limited

Annual report and financial statements

Registered number 06555715

For the year ended 31 December 2019



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Strategic report

Business review

The company acts solely as a holding company for the acquisition of companies within the Avantor group in the USA. There are no plans to change the company's operations.

The company has incurred a loss of \$2,013,000 (2018: loss \$2,637,000) in the year as shown on page 14 in the profit and loss account. The main driver of this being the non-recurring impairment loss on investments.

An impairment review takes place at the end of each financial year. For the year ending December 2019 the impairment review resulted in an impairment loss of \$3,156,000 (2018: \$nil). This arose as a result of lower than participated performance levels in a subsidiary.

Principal risks and uncertainties

The principal risk of the company is the carrying value of its investments. The performance on the underlying subsidiaries is periodically reviewed in order to mitigate this risk and any adjustment in relation to carrying values are made as necessary.

Having no commercial operations, the company is not subject to any material Brexit related risks. However, there is a potential impact of Brexit on its subsidiary companies. A statement to that effect and the risk and mitigating activities that the directors consider to be relevant have been included in the statutory accounts for those entities.

Climate change

Although climate change is having a real impact on industries across the globe, it is not having a direct impact on the company's ability to source supply of goods for customers. The company has engaged the Avantor Business System (ABS) in order to reduce waste in the company flows and thereby reduces the carbon footprint of the company. It is a whole of business approach that effectively engages every level of the organisation in this activity.

Statement of Compliance with section 172 of the Companies Act 2006

Throughout 2019, the Directors have performed their duty to promote the success of the Company under section 172, taking consideration of:

- issues, factors and stakeholders relevant in complying with section 172(1)(a) to (f);
- main methods used to engage with stakeholders and to understand the issues to which they must have regard; and
- the effect of such issues on the Company's decisions and strategies during the financial year.

The company operates as a values led business, promoting its core values of integrity, respect and trust all of the time – with employees, customers, partners, suppliers and wider society, helping the company to continue to earn a strong reputation and enhance its brand. The companies' Code of Ethics and Conduct is one of the most important tools we provide. It is the blueprint for conducting business the right way, so that the company can maintain its reputation and status as a trusted partner to its customers, suppliers, shareholders and associates.



Strategic report (continued)

Our associates work together to apply our core values of innovation, customer-centric collaboration, accountability, respect and excellence to advance our fundamental mission: Setting science in motion to create a better world.

OUR VALUES



Innovation

We empower all our associates to explore and contribute ideas that elevate our products, services and solutions. By collaborating with our industry partners, we improve scientific outcomes.



Customer Centric

Everything we do begins with actively listening and collaborating with our customers. By understanding their challenges and aspirations, we proactively identify solutions that address their current and future needs.



Accountability

We hold ourselves, and each other, accountable for delivering on our promises to our customers, suppliers, shareholders and colleagues to accomplish our combined goals.



Respect

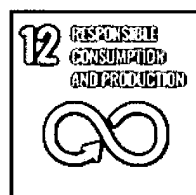
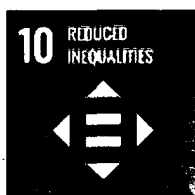
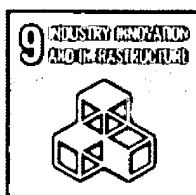
We are a trusted partner. Whether working with internal or external partners, we act as one team and always assume others have good intent. We treat others with dignity, act in an honest manner and maintain the highest level of integrity.



Excellence

We never settle for the status quo. We constantly strive to achieve the highest levels of safety, quality and service. Our passion towards continuous improvement is embodied by every Avantor associate and in the results we achieve. When we do our best, we are more effective in supporting the industries we serve.

To further our commitment to creating a better world for all our stakeholders, we are aligning our Corporate Social Responsibility pillars with a number of the UN Sustainable Development Goals (SDGs). These SDGs will help focus our efforts on areas where Avantor can create a positive impact on our business and our stakeholders.



Strategic report (continued)

The **Avantor Business System (ABS)** underpins everything the company does and has been a critical driver in its success. We use it to rigorously execute our strategies through uniform practices and standard processes. ABS is our model to unleash the power of all our associates, to align and unify how our teams and organizations work to create a competitive advantage and deliver on the commitments we have made to our stakeholders and to each other. We use ABS to focus relentlessly on eliminating waste and generating continuous improvement in all aspects of our business. From associate-led, daily improvements to transformational, strategic breakthrough improvements, our Kaizen philosophy is all about making tomorrow better than today, every day.

The foundation of these collaborative customer relationships is our agile, multitiered sales model which includes both high-touch and remote sales capabilities and supports all parts of our go-to-market strategy.

— Our team of sales professionals includes a mix of account managers who act as customer-focused team leaders working with specialists who are subject matter experts.

— Our dedicated strategic partners' team works to cultivate deep, long-term relationships with our top global accounts.

— Our global e-commerce platform provides a seamless online purchasing experience supported by a strong distribution network and responsive local associates.

Multiple workflows: Our business model positions us to work closely with customers in critical, high-growth biopharma production workflows, including monoclonal antibodies, vaccines, recombinant proteins, cell therapy and gene therapy. Our ultra-high purity products — process ingredients, chromatography resins, buffer solutions, excipients and single-use solutions — are deeply embedded across the entire manufacturing process. From upstream culture preparation, through scale-up and fermentation, through downstream purification and viral clearance steps and ultimately to the fill, finish and final formulation processes, leading biopharma manufacturers look to Avantor to supply both the products and expertise to help them sustain the quality and purity they need to succeed.

Being embedded in these multiple workflows provides greater insights that allow us to expand the portfolio of materials and services we offer.

Our penetration of market-leading companies is a proof point of our relevance and importance in this key market. We serve the top biopharma and pharma companies in the UK. In addition, we benefit from privileged access to the biologic start up community, which is responsible for developing approximately 80% of new molecules.

Key performance indicators

The company has not identified any key performance indicators due to the nature of its operations as a holding company.

Approved by the board and signed on its behalf:



K Pulford

Company Secretary

25 November 2020

Registered Office
VWR Jencons USA Limited
Hunter Boulevard
Magna Park
Lutterworth
Leicestershire
LE17 4XN

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Company during the period was that of a holding company. Details on financial risk management and future developments are stated in the strategic report on page 3 and form part of this report by cross-reference. The directors do not plan to change the nature of the business.

Results

The result for the period after tax amounted to a loss of \$2,013,000 (2018: loss \$2,637,000).

Proposed dividend

The directors do not recommend the payment of a dividend (2018: \$Nil).

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

W P Hogan(resigned 1st December 2019)
K Pulford
B Goell
M Jones (appointed 7th August 2019)

Going concern

The financial statements have been prepared using the going concern basis of accounting as described further in Note 1.

The company is a non-trading investment holding company. The directors note that the operations of the group headed by Avantor Inc, of which this company is a member, have considerable financial resources and long-term contracts with customers across different geographic areas and industries. The Company has received a commitment from Avantor Inc, the ultimate parent company, to provide continued financial and other support as necessary, for at least 12 months from the date of approval of these financial statements, to enable it to continue to trade and meet its obligations. The directors have assessed whether the parent company would be able to provide sufficient support if required. The Group business model has a high percentage of recurring revenue and generates a substantial amount of free cash flow each quarter. The group generated \$1.6 million of cash during 2019. The parent has performed a cash flow projection up to end of FY21 (considering the impact of COVID-19) and projects that free cash flow is forecast to be \$680.7 million during this period. The directors are therefore confident of group financial support if needed. As such, the directors have formed the view that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis is adopted in preparing the financial statements.

Other information

There were no contributions to political organisations, charitable donations or third party indemnities in the year (2018: £nil).

Post Balance Sheet events

In England, its people and companies', along with other countries around the world, has been impacted by COVID-19. The directors of the company have considered the impact of COVID-19 on the company COVID-19 is a non-adjusting post balance sheet event for the Company and therefore no adjustments have been made to the 31 December 2019 financial results.

The UK stopped being a member of the European Union (EU) on 31 January 2020. The Directors' recognise that the final outcome of the negotiations between the UK and the EU remain uncertain. The Company have taken reasonable steps to mitigate where possible the impacts of leaving the EU without a transitional agreement and will continue to monitor the situation closely.

Directors' report (continued)

Auditor

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. The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. Deloitte have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the board and signed on its behalf:



K Pulford
Company Secretary

25 November 2020

Registered Office
VWR Jencons USA Limited
Hunter Boulevard
Magna Park
Lutterworth
Leicestershire
LE17 4XN

Directors' responsibilities statement

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 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 accounting 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VWR JENCONS USA LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of VWR Jencons USA Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. 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 as applied to listed entities, 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.

3. Summary of our audit approach

Key audit matters

The key audit matter that we identified in the current year was:

- *Impairment of Investment in Subsidiaries*

Within this report, key audit matters are identified as follows:



Similar level of risk

Materiality	The materiality that we used in the current year was \$2,769,000 (2018: \$3,069,000) which was determined on the basis of total investments in line with the prior year.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There were no significant changes in our approach.

4. 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.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Impairment of Investment in Subsidiaries

Key audit matter description The entity is a non-trading holding company. It holds investments of \$184,600,000 (2018: \$205,863,000) in various companies as disclosed in Note 8 and this accounts for 99% of total assets.

The investment in subsidiaries was assessed by the directors for indicators of impairment at year-end. Some impairment indicators were identified which resulted in a full impairment for certain investments.

The identification of impairment indicators and the determination of the impairment charge require the application of judgment by management. There is a risk that management fail to identify an impairment event or the quantum of the impairment charge is inaccurate. The Company's impairment policy is disclosed in note 1 to the financial statements. The key sources of estimation uncertainty in relation to impairment are disclosed in note 8 to the financial statements where an impairment of \$3,156,000 related to the investment in Reliable Pharmaceutical LLC was booked.

How the scope of our audit responded to the key audit matter	We reviewed management's assessment as to whether indicators of impairment exist. Where no indicators were present, we assessed this via analysis of the investments performance and future expected performance which included consultation with operational management of the entities that the investments are in. For the impairment booked this was the full value of the investment in Reliable Pharmaceutical LLC and the testing performed included reviewing the performance of the investment in the year which indicated that the book value was not supportable.
Key observations	Based on the work performed we concluded that investment in subsidiaries is appropriately stated and that the judgement used by management appeared reasonable.

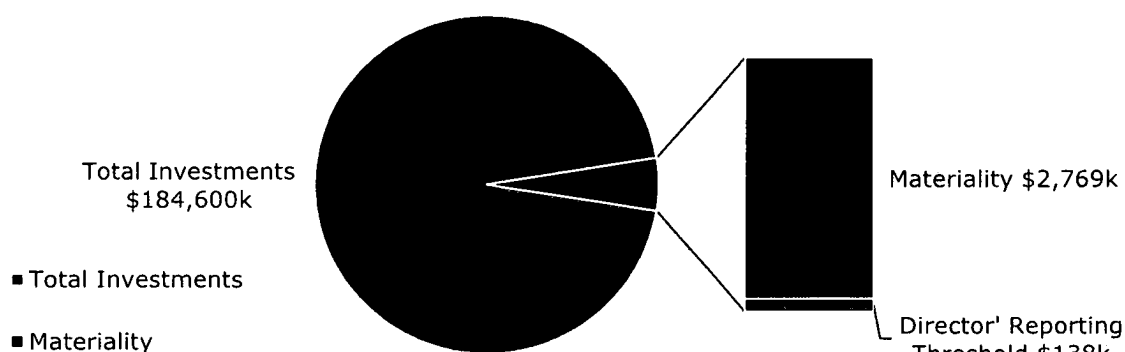
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

Materiality	\$2,769,000 (2018: \$3,069,000)
Basis for determining materiality	1.5% of total investments (2018: 1.5% of total investments)
Rationale for the benchmark applied	<p>The total investments balance is the most relevant balance as it reflects the nature and purpose of the company. It is also the most stable benchmark for the company.</p> <p>Given the sole activity of the business is that of an investment holding company and this accurately reflects the level of activity within the business and the interests of its shareholders. Furthermore, the business disposed of an investment for \$18.1m and also had an impairment of one of the investments of \$3.1m in the current year reducing the investments balance.</p>



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2019 audit (2018: 70%). In determining performance materiality, we considered the following factors:

- In the prior year, there were no uncorrected misstatements
- Our risk assessment, including our assessment of the control environment

6.3. Error reporting threshold

We agreed with the directors that we would report to them all audit differences in excess of \$138,000 (2018: \$153,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Scoping

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. 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.

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.
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9. 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.

10. 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.

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

Report on other legal and regulatory requirements

11. Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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.

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

12.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

13. 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.



Sukhpal Kaur Gill ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom
25 November 2020

Profit and loss account
for the year ended 31 December 2019

	<i>Note</i>	2019 \$000	2018 \$000
Administrative expenses		908	(27)
Operating loss		908	(27)
Interest payable and similar expenses	4	(10,047)	(9,450)
Interest receivable and similar expenses	5	482	-
Impairment expense	8	(3,156)	-
Dividend received	7	9,800	6,840
Loss before taxation		(2,013)	(2,637)
Tax on loss	6	-	-
Loss for the financial year		(2,013)	(2,637)

All results derive from continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of other comprehensive income has been presented.

The accompanying notes form part of the financial statements.

Balance sheet
As at 31 December 2019

	<i>Note</i>	2019 \$000	2018 \$000
Fixed assets			
Investments	8	184,600	205,863
		<hr/>	<hr/>
Non-current assets			
Debtors : Amounts falling due after more than one year	9	18,107	-
Current assets			
Debtors	9	482	2,200
Cash at bank and in hand		52	746
		<hr/>	<hr/>
		534	2,946
Creditors: amounts falling due within one year	10	(5,204)	(9,070)
		<hr/>	<hr/>
Net current liabilities		(4,672)	(6,124)
		<hr/>	<hr/>
Total assets less current liabilities		198,035	199,739
Creditors: amounts falling due after more than one year	11	(173,718)	(173,409)
		<hr/>	<hr/>
Net assets		24,317	26,330
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	14	-	-
Share premium account	14	71,752	71,752
Profit and loss account		(47,435)	(45,422)
		<hr/>	<hr/>
Shareholders' funds		24,317	26,330
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of directors on 25 November 2020 and were signed on its behalf by:



B Goell
Director

Company registered number: 06555715
25 November 2020

Statement of changes in equity

for the year ended 31 December 2019

	Called up share capital	Share Premium Account	Profit and Loss account	Total equity
	\$000	\$000	\$000	\$000
Balance at 1 January 2018	-	46,622	(41,155)	5,467
Total Comprehensive Expense for The Period				
Loss for the period	-	-	(2,637)	(2,637)
Capital Contribution	-	25,130	(1,630)	23,500
Balance at 31 December 2018	-	71,752	(45,422)	26,330

	Called up share capital	Share Premium Account	Profit and Loss account	Total equity
	\$000	\$000	\$000	\$000
Balance at 1 January 2019	-	71,752	(45,422)	26,330
Total Comprehensive Expense for The Period				
Loss for the period	-	-	(2,013)	(2,013)
Capital Contribution	-	-	-	-
Balance at 31 December 2019	-	71,752	(47,435)	24,317

Notes

(forming part of the financial statements)

1 Accounting policies

VWR Jencons USA Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the United Kingdom (England and Wales). The registered number is 06555715 and the registered address is Hunter Boulevard, Magna Park, Lutterworth, Leicestershire, LE17 4XN.

The address of registered office is given on page 5.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). Functional and presentational currency of these financial statements is US Dollars. All amounts in the financial statements have been rounded to the nearest \$1,000.

The Company's immediate parent undertaking, Avantor Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Avantor Inc. are prepared in accordance with the generally accepted accounting principles adopted in the United States of America and may be obtained from Avantor Inc., Radnor Corporate Centre, Building One, Suite 200, PO Box 6660100, Matsonford Road, Radnor PA19087.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Related party transactions, and;
- Key Management Personnel compensation.

As the consolidated financial statements of Avantor Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

During the course of business the Company made multiple acquisitions. As a result of such activities, the results of the business reflect primarily the costs of acquisitions together with any distributions received from its subsidiary undertakings and costs of financing those acquisitions.

Measurement convention

The financial statements are prepared on the historical cost basis.

1.1. Going concern

The directors have prepared the financial statements of the Company on a going concern basis.

The company is a non-trading investment holding company. The directors note that the operations of the group headed by Avantor Inc, of which this company is a member, have considerable financial resources and long-term contracts with customers across different geographic areas and industries. The Company has received a commitment from Avantor Inc, the ultimate parent company, to provide continued financial and other support as necessary, for at least 12 months from the date of approval of these financial statements, to enable it to continue to trade and meet its obligations. The directors have assessed whether the parent company would be able to provide sufficient support if required. The Group business model has a high percentage of recurring revenue and generates a substantial amount of free cash flow each quarter. The group generated \$1.6 million of cash during 2019. The parent has performed a cashflow projection up to end of FY21 (considering the impact of COVID-19) and projects that free cash flow is

Notes (continued)

1 Accounting policies (continued)

forecast to be \$680.7 million during this period. The directors are therefore confident of group financial support if needed. As such, the directors have formed the view that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis is adopted in preparing the financial statements.

As such, the directors have formed the view that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis is adopted in preparing the financial statements.

1.2 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.3 Basic financial instruments

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

1.4 Impairment

Non-financial assets

The carrying amounts of the Company's non-financial 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"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs, the company tests the impairment of goodwill by determining the recoverable amount of the entity in its entirety, including the integrated acquired operations.

Notes (continued)

1 Accounting policies (continued)

1.4. Impairment (continued)

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. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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.

1.5. Expenses

Interest payable

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.6. Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, 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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.7. Revenue

Dividends

Dividend income is recognised in the profit or loss account on the date the company's right to receive the payments is established.

2 Expenses and auditor's remuneration

Auditor's remuneration:

	2019 \$000	2018 \$000
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of these financial statements	7	7
	<u>7</u>	<u>7</u>

The audit fee is borne by VWR International Limited, a member of the VWR Group.

Notes (continued)

3 Staff numbers and costs

The company had no employees other than the directors, who did not receive any remuneration for their services to the Company during the year (2018: nil).

4 Interest payable and similar charges

	2019	2018
	\$000	\$000
Interest on loan from group undertakings	10,047	9,450
	<hr/>	<hr/>
Total other interest payable and similar charges	10,047	9,450
	<hr/> <hr/>	<hr/> <hr/>

5 Interest receivable and similar charges

	2019	2018
	\$000	\$000
Interest on loan to group undertakings	(482)	-
	<hr/>	<hr/>
Total other interest receivable and similar charges	(482)	-
	<hr/> <hr/>	<hr/> <hr/>

6 Taxation

Total tax charge recognised in the profit and loss account and equity

	2019	2018
	\$000	\$000
<i>Current tax</i>		
Current tax on income for the period		
Adjustments in respect of prior periods	-	-
	<hr/>	<hr/>
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences		
Change in tax rate	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/> <hr/>	<hr/> <hr/>
Total tax	-	-

Notes (continued)

7 Reconciliation of effective tax rate

	2019 \$000	2018 \$000
Loss for the year	(2,013)	(2,637)
Total tax charge	-	-
	<hr/>	<hr/>
Loss excluding taxation	(2,013)	(2,637)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2018: 19%)	(478)	(496)
Group relief	1,740	1,796
Permanent differences	600	-
Dividend received	(1,862)	(1,300)
	<hr/>	<hr/>
Total tax charge included in profit or loss	-	-
	<hr/>	<hr/>

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%. If the amended tax rate had been used, this would have had no effect as there is no deferred tax asset/liability in this company.

8 Fixed asset investments

	Shares in group undertakings \$000
Cost	
At beginning of year	246,286
Disposals	(18,108)
	<hr/>
At end of year	228,178
	<hr/>
Provisions	
At beginning and end of year	(40,422)
Impairment Loss	(3,156)
	<hr/>
At end of year	(43,578)
	<hr/>
Net book value	
At 31 December 2019	184,600
	<hr/>
At 31 December 2018	205,863
	<hr/>

Disposals for the year relate to the disposal of the investment in PAW Bioscience Products LLC for \$18,108,000 in July 2019

For the year ending December 2019 the impairment review resulted in an impairment loss of \$3,156,000. The impairment of fixed asset investments arose as a result of the annual impairment review. Results of the subsidiary entities were reviewed in light of investment carry values of one of the entities the results did not support the carrying value of the investment as a result of weaker than anticipated performance driven largely by market conditions in the sector in which the company operates.

Notes (continued)

8 Fixed asset investments (continued)

Impairments and reversal of impairments of fixed asset investments are included in a separate line item in the profit and loss account.

During the year the Company received dividends from its subsidiaries of \$9,800,000 (2018: \$6,840,000).

The companies in which the company's interest at the year end is more than 20% are as follows:

	Aggregate of capital and reserves \$000	Profit/(loss) for the year \$000	Country of incorporation	Class of shares held	Ownership 2019	Ownership 2018
Jencons LLC	1,892	38,602	USA	Ordinary	100%	100%
VWR Chemicals LLC	139,792	25,633	USA	Ordinary	100%	100%
Reliable Biopharmaceutical LLC	32,787	(5,357)	USA	Ordinary	100%	100%
Therapak LLC	24,491	8,195	USA	Ordinary	100%	100%

The registered address for all the entities listed above is Radnor Corporate Centre, Building One, Suite 200, PO Box 6660100, Matsonford Road, Radnor PA 19087, USA.

9 Debtors

	2019	2018
	\$000	\$000
Amounts owed by group undertakings	18,589	2,200
	<u>18,589</u>	<u>2,200</u>
Due within one year	482	2,200
Due after more than one year	18,107	-
	<u>18,589</u>	<u>2,200</u>

Amounts of £482,000 (2018: £2,200) owed by group undertakings are unsecured, non-interest bearing and repayable on demand. The repayment terms for the amounts due after more than one year are as shown below.

Notes (continued)

9 Debtors (continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2019 \$000	2018 \$000
Amounts owed by group undertakings due after more than one year	GBP	EURIBOR plus 3.549%	July 2025	At maturity date	<u>18,107</u>	=

10 Creditors: amounts falling due within one year

	2019 \$000	2018 \$000
Amounts owed to group undertakings	5,204	9,070
	<u>5,204</u>	<u>9,070</u>

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

Notes (continued)

11 Creditors: amounts falling due after more than one year

	2019 \$000	2018 \$000
Amounts owed to group undertakings	173,718	173,409
	<u>173,718</u>	<u>173,409</u>

12 Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2019 \$000	2018 \$000
Creditors falling due after more than one year		
Amounts owed to group undertakings	173,718	173,409
	<u>173,718</u>	<u>173,409</u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2019 \$000	2018 \$000
Amounts owed to group undertakings due after more than one year	USD	LIBOR plus 3.25%	December 2025	At maturity date	173,718	173,409

The outstanding interest bearing loans are listed on the Channel Islands Stock Exchange.

13 Financial Instruments

The carrying amounts of the financial assets and liabilities include:

	2019 \$000	2018 \$000
Assets measured at amortised cost	18,589	2,200
Liabilities measured at amortised cost	<u>178,440</u>	<u>182,479</u>

Notes (continued)

14 Capital and reserves

Share capital

	2019 \$000	2018 \$000
<i>Allotted, called up and fully paid</i>		
3 (2018: 3) ordinary shares of \$1 each	-	-
	<u> </u>	<u> </u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

15 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Avantor Inc. Avantor Inc is the smallest and largest group that prepares group financial statements. Avantor Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Avantor Inc. are prepared in accordance with the generally accepted accounting principles adopted in the United States of America and may be obtained from Avantor Inc., Radnor Corporate Centre, Building One, Suite 200, PO Box 6660100, Matsonford Road, Radnor PA19087 or by accessing the United States Securities and Exchange Commission's EDGAR filing website (www.sec.gov).

16 Subsequent Events

In England, its people and companies', along with other countries around the world, has been impacted by COVID-19. The directors of the company have considered the impact of COVID-19 on the company. COVID-19 is a non-adjusting post balance sheet event for the Company and therefore no adjustments have been made to the 31 December 2019 financial results."

The UK stopped being a member of the European Union (EU) on 31 January 2020. The Directors' recognise that the final outcome of the negotiations between the UK and the EU remain uncertain. The Company have taken reasonable steps to mitigate where possible the impacts of leaving the EU without a transitional agreement and will continue to monitor the situation closely.

17 Accounting Estimates and judgements

Key sources of estimation uncertainty

Impairment

The company acts solely as a holding company for acquisitions within the Avantor group. The directors state a requirement to assess the carrying values of the investments each year using an impairment testing template.

For the year ending December 2019 the impairment review resulted in an impairment loss of \$3,156,000. The impairment of fixed asset investments arose as a result of the annual impairment review. Results of the subsidiary entities were reviewed in light of investment carrying values. For one of the investments the results did not support the carrying value of the investment as a result of weaker than anticipated performance driven largely by market conditions in the sector in which the company operates. The directors deem an impairment adjustment of \$3,156,000 was required for year ended 31st December 2019 which is disclosed in note 7.

There are no other significant judgements made in the preparation of the financial statements.