

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)**Balance Sheet***All amounts are in USD'000*

	Note	March 31, 2022	March 31, 2021
Non-current assets			
Intangible assets	3	57,449	65,125
Intangible assets under development	3	48,974	48,544
Investments	4	4,72,577	3,67,183
		5,79,000	4,80,852
Current assets			
Contract assets		22,384	24,365
Trade and other receivables	5	54,852	38,806
Cash and cash equivalents	6	7,675	7,264
Investments	4	1,341	-
Prepayments and other assets	7	5,186	1,301
		91,438	71,736
Total assets		6,70,438	5,52,588
Equity			
Share capital	8	1,59,200	1,59,200
Other equity		2,18,542	1,46,386
		3,77,742	3,05,586
Non-current liabilities			
Borrowings	9	98,750	33,437
Contract liabilities		2,564	4,468
Deferred revenue		67,314	56,970
Deferred tax liability (net)	10	11,957	10,416
		1,80,585	1,05,291
Current liabilities			
Borrowings	9.	1,311	65,000
Trade payables	11	1,05,637	68,105
Income-tax liability (net)		2,656	5,613
Contract liabilities		2,507	2,993
		1,12,111	1,41,711
Total equity and liabilities		6,70,438	5,52,588

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)**Statement of Profit and Loss***All amounts are in USD'000*

		For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue	12	2,14,303	1,87,575
		2,14,303	1,87,575
Purchases of traded goods	13	81,419	69,067
Amortisation	3	12,584	11,708
Research and development expenses	14	54,712	44,078
Staff costs	15	343	6,605
Selling Expenses		10,494	9,457
Fari valuation loss on investment designated as FVTPL		3,657	-
Other expenses	15	6,579	7,345
Total expenses		1,69,789	1,48,260
Operating profit		44,514	39,315
Financial income	16	9	18
Financial expense	16	(363)	(79)
Net financing (expenses) / income		(353)	(61)
Profit before tax		44,161	39,254
Tax expense			
Tax on profit	17	(10,442)	(6,066)
Profit and total comprehensive income for the financial year		33,719	33,188

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)

Statement of Changes in Equity

All amounts are in USD'000

	Share capital	Other equity			Total equity
		Optionally convertible redeemable non-cumulative preference shares	Retained earnings	Other equity	
Balance at April 1, 2020	1,59,200	-	51,635	51,635	2,10,835
Profit for the year	-	-	33,188	33,188	33,188
Total comprehensive income for the year	-	-	33,188	33,188	33,188
<i>Transactions with owners, recorded directly in equity</i>					
Equity component of optionally convertible redeemable non-cumulative preference shares ('OCRPS') (refer note 8)	-	61,563	-	61,563	61,563
Total contributions by and distributions to owners	-	61,563	-	61,563	61,563
Balance at March 31, 2021	1,59,200	61,563	84,823	1,46,386	3,05,586
Profit for the year	-	-	33,719	33,719	33,719
Total comprehensive income for the year	-	-	33,719	33,719	33,719
<i>Transactions with owners, recorded directly in equity</i>					
Liability component of optionally convertible redeemable shares reclassified to equity pursuant to modification (refer note 8)	-	38,437	-	38,437	38,437
Total contributions by and distributions to owners	-	38,437	-	38,437	38,437
Balance at March 31, 2022	1,59,200	1,00,000	1,18,542	2,18,542	3,77,742

BIOCON BIOLOGICS UK LIMITED (formerly Biocon Biologics Limited)
Notes to the financial statements

1. Reporting entity

Biocon Biologics UK Limited (formerly Biocon Biologics Limited) ("the Company") is a company limited by shares incorporated and domiciled in England, in the United Kingdom. The registered number is 10038295 and the registered address is 16 Great Queen Street, Covent Garden, London, United Kingdom, WC2B AH.

2. Basis of preparation of financial statements

a. Statement of compliance

The Company is exempt by virtue of Section 401 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 101 'Reduced Disclosure Framework' ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standard, 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 is a subsidiary undertaking of Biocon Biologics Limited (formerly "Biocon Biologics India Limited") incorporated in India. The largest group in which the results of the Company are consolidated is that headed by Biocon Limited, 20th KM, Hosur Road, Electronic City, Bangalore, India. The results of the Company also get consolidated in the consolidated financial statements of parent company, Biocon Biologics Limited. The consolidated financial statements of the group is available to the public and may be obtained from the official website www.biocon.com.

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;
- Disclosures in respect of capital management;
- The effects of new but not yet effective International Financial Reporting Standards.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosure, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IAS 32 Financial instruments: Presentation;
- Disclosures required by IFRS 7 Financial Instrument Disclosures;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company.

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

Going Concern

Notwithstanding net current liabilities of USD ('000) 20,673 as at March 31, 2022, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 and accordingly has prepared cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements, which indicate that taking account of reasonably possible downsides the company will have sufficient funds to meet its liabilities as they fall due for that period. The possible downside scenarios which have been considered while forecasting the cash flows are that there is no growth in sales except for the launch of a new product, for which regulatory approval is expected shortly and for which the Company expect to have commercial sales by Q3 FY 2022-23, no incremental or new hires except critical positions, no new R&D initiatives requiring additional capital or operational expenditure, and other operational expenditure in line with historic activity levels.

As a result, those forecasts are dependent on the company's immediate parent company, Biocon Biologics Limited, not seeking repayment of the amounts due towards sale of goods and services to the Company, which at the balance sheet date amounted to USD ('000) 77,721, and providing additional financial support during that period. Biocon Biologics Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. 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.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

b. Functional and presentation currency

These standalone financial statements are presented in United States Dollar (USD), which is also the functional currency of the Company. The functional currency has been determined to be the currency of the primary economic environment in which the entity operates.

c. Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 2(k) and 17 — Provision for income taxes and related tax contingencies;
- Note 2(l) and 12 — Revenue recognition: whether revenue from sale of product and licensing income is recognised over time or at a point in time;

d. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2022 is included in the following notes:

- Note 2(h) — Useful lives intangible assets;
- Note 2(i) — impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 2(g) — impairment of financial assets; and

Impairment of financial / non-financial assets

The recoverable amount of the investments and intangible assets under development were based on the fair value estimated using discounted cash flows. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent Management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Key assumptions	Investments	Intangible assets
Discount rate	13%	16.6%
Terminal value growth rate	-5%	-5%
Average Revenue growth	6.1%	8%

e. Foreign currency***i. Foreign currency transactions***

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

f. Investments

Investments in subsidiary undertakings are stated at cost, less provision for any impairment in value.

g. Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

Financial asset comprises of trade and other receivables and contract assets. These financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequently these assets are held at amortised cost, using effective interest method and net of any impairment losses.

Impairment

In accordance with IFRS 9, the Company applies the Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the following:

- financial assets measured at amortised cost; and
- Contract assets as defined in IFRS 15

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL's are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

Financial liabilities

Trade payables are initially recognised at fair value plus any directly attributable transaction costs. Trade payables are subsequently measured at amortised cost, using effective interest method.

(iii) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

h. Intangible assets

i. Research and development

Expenditure on research activities is recognised in statement of profit or loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets (continued)

ii. Other intangible assets

Other intangible assets acquired by the company are measured at fair value upon initial recognition, which forms its cost of acquisition, less accumulated amortisation and any accumulated impairment losses.

iii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit or loss as incurred.

iv. Amortisation

Amortisation of intangible assets commence when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

- | | |
|--------------------------------------|---------|
| • Intellectual property rights | 7 years |
| • Marketing and Manufacturing rights | 7 years |

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

i. Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount in the statement of profit and loss.

The recoverable amount of a CGU (or an individual asset) is higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flow, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to CGU (or the asset).

The Company's non-financial assets 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. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made 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.

j. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the company recognises any impairment loss on the assets associated with that contract.

k. Income tax

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit or loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

I. Revenue from contracts with customers

i. Sale of goods

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

The consideration received by the Company in exchange for its goods may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved.

ii. Licensing and development fees

The Company enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, the Company recognise or defer the upfront payments received under these arrangements.

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and other similar payments from third parties for granting a license to product- or technology- related intellectual property (IP). These agreements may be entered into with no further obligation or may include commitments to regulatory approval, co-marketing or manufacturing. These may be settled by a combination of upfront payments, milestone payments and other fees. These arrangements typically also consist of subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period we have continuing performance obligations, if the milestones are not considered substantive. Whether to consider these commitments as a single performance obligation or separate ones, or even being in scope of IFRS-15 'Revenues from Contracts with Customers, is not straightforward and requires some judgement. Depending on the conclusion, this may result in all revenue being calculated at inception and either being recognised at point in time or spread over the term of a longer performance obligation. Where performance obligations may not be distinct, this will be bundled with the subsequent product supply obligations. The new standard provides an exemption for sales-based royalties for licenses of intellectual property which will continue to be recognised as revenue as underlying sales are incurred.

iii. Royalty income and profit share

The royalty income and profit share earned through a License or collaboration partners is recognised as the underlying sales are recorded by the Licensee or collaboration partners.

iv. Contract assets

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is an unconditional right to receive cash, and only passage of time is required, as per contractual terms.

v. Contract liabilities

The Company recognises a deferred income (contract liability) if consideration has been received (or has become receivable) before the company transfers the promised goods or services to the customer. Deferred income mainly relates to remaining performance obligations in (partially) unsatisfied long-term contracts or are related to amounts the Company expects to receive for goods and services that have not yet been transferred to customers under existing, non-cancellable or otherwise enforceable contracts.

m. Interest income and expense

Interest income or expense is recognised using the effective interest method.

n. Leases

The Company as lessee:

The Company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company assesses whether:

- The contract involves use of an identified asset;
- The Company has substantially all the economic benefits from the use of the asset through the period of lease; and
- The Company has the right to direct the use of an asset.

At the date of commencement of lease, the Company recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Certain lease agreements include an option to extend or terminate the lease before the end of lease term. ROU assets and the lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., higher of fair value less cost to sell and the value-in-use) is determined on individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of- use assets if the Company changes its assessment if whether it will exercise an extension or a termination of option.

Lease liability and ROU asset are separately presented in the Balance Sheet.

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)

Notes to the financial statements

All amounts are in USD'000

3. Intangible assets and Intangible assets under development

				Product under development		
	Marketing and Manufacturing rights	Intellectual Rights	Total intangible assets	Intellectual property rights	Marketing and Manufacturing rights	Total intangible under development
Gross carrying amount						
At April 01, 2020	10,500	67,763	78,263	33,314	11,000	44,314
Other acquisitions - internally developed	-	-	-	1,814	-	1,814
Other acquisitions - externally purchased	6,000	-	6,000	2,416	-	2,416
At March 31, 2021	16,500	67,763	84,263	37,544	11,000	48,544
Other acquisitions - internally developed	-	-	-	2,402	-	2,402
Other acquisitions - externally purchased	-	-	-	2,936	-	2,936
Transfer from under development to intangible - internally developed	-	4,908	4,908	(4,908)	-	(4,908)
At March 31, 2022	16,500	72,671	89,171	37,974	11,000	48,974
Accumulated amortisation						
At April 01, 2020	2,081	5,349	7,430	-	-	-
Amortisation for the year	2,028	9,680	11,708	-	-	-
At March 31, 2021	4,109	15,029	19,138	-	-	-
Amortisation for the year	2,373	10,211	12,584	-	-	-
At March 31, 2022	6,482	25,240	31,722	-	-	-
Net carrying amount						
At March 31, 2021	12,391	52,734	65,125	37,544	11,000	48,544
At March 31, 2022	10,018	47,431	57,449	37,974	11,000	48,974

(a) During the year ended March 31, 2022, the Company has capitalised intangibles amounting to USD 4,908 (March 31,2021: USD Nil) being internally developed and USD NIL (March 31,2021: USD 6,000) being externally purchased as these intangibles meet the recognition criteria under IAS 38 - Intangible Assets.

(b) The cost of products under development are not being amortised since they are still not under use.

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)**Notes to the financial statements***All amounts are in USD'000*

	March 31, 2022	March 31, 2021
4. Investments		
A. Non-current investments		
I. Unquoted equity shares		
Biocon Sdn. Bhd., Malaysia - 6,652,758 (March 31, 2021: 6,652,758) equity shares of RM 10 each; Holding - 100%	16,865	16,865
Biocon Biologics Inc., USA - 1,700 (March 31, 2021: NIL) Common stock of USD 1 each; Holding 100%	1,700	-
Biocon Biologics Do Brazil Ltda., Brazil - 1,978,785 (March 31, 2021 : NIL) equity shares of BRL 1 each : Holding 100%	376	-
Biocon Biologics FZ LLC, UAE- 450 (March 31, 2021 : NIL) equity shares of AED 1,000 each : Holding 100%	123	-
Biocon Biologics Healthcare Malaysia Sdn. Bhd., Malaysia (formerly "Biocon Healthcare Sdn. Bhd.")- 2,000,000 (March 31,2021: 2,000,000) equity shares of RM 1 each; Holding - 100%	-	-
*		
Total investments in equity instruments	19,064	16,865
* Amount is USD 24 for March 31, 2022 and 2021. Since all amounts are rounded off to USD'000 hence USD 24 is not appearing.		
II. Unquoted preference shares		
Biocon Sdn. Bhd., Malaysia - 182,405,467 (March 31, 2021: 125,898,097) Non-cumulative redeemable convertible preference shares ("NCRCPs") of RM 10 each; Holding - 98% (March 31, 2021: 98%) #	4,52,291	3,16,437
	4,52,291	3,16,437
# includes NIL NCRCPs (March 31, 2021: 21,552,427) for which transfer formalities are in progress as at year end.		
III. Others		
Biocon Sdn. Bhd - Preference share application money pending allotment	-	33,000
Biocon Biologics Inc., USA - Common stock pending allotment	-	600
Biocon Biologics Do Brazil Ltda., Brazil - Equity shares pending allotment	345	281
Biocon Biologics FZ LLC, UAE- Equity shares pending allotment	877	-
	1,222	33,881
Total non-current investments	4,72,577	3,67,183

Details of the subsidiaries are as follows:

Biocon Sdn. Bhd. is a private company incorporated and domiciled in Malaysia. The address of the registered office of the subsidiary is Level 7, Menara Milenium, Jalan Damanlela, Damansara Heights - 50490, Kuala Lumpur. The subsidiary is engaged in the manufacture of various insulin products and research and development activities of biopharmaceutical products. Biocon Sdn. Bhd has set up state of the art integrated manufacturing facility for insulin active pharmaceutical ingredients and insulin drug formulation in Johor, Malaysia.

During the year, the Company has invested USD 102,854 (March 31, 2021: USD 91,800) towards Non-cumulative redeemable convertible preference shares. These investments are made throughout the year.

During the previous year, Company had purchased 17,981,242 NCRCPs from Biocon SA for a consideration of USD 52,000.

Biocon Biologics Healthcare Malaysia Sdn. Bhd. (formerly 'Biocon Healthcare Sdn. Bhd.') is a private company incorporated and domiciled in Malaysia. The address of the registered office of the subsidiary is Unit D-3-5, Level 5, Block D, SetiaWalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan. The subsidiary is engaged in the business of trading in medical equipment and accessories.

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)**Notes to the financial statements***All amounts are in USD'000*

Biocon Biologics Inc, is a private company incorporated and domiciled in United States of America. The address of the registered office of the subsidiary is 1013, Centre Road, Suite 403S, Wilmington, New Castle, De. The subsidiary is engaged in the sale of biopharmaceutical products.

The Company has invested USD 1,100 (March 31, 2021: USD 600) towards equity shares. The investments are made throughout the year.

Biocon Biologics Do Brasil Ltda., is a private company incorporated and domiciled in Brazil. The address of the registered office of the subsidiary is R Sergipe, 401, Conj 802 Sala 1, Consolacao, Sao Paulo - 01.243-906. The subsidiary has been set up with an objective to promote direct market strategy in Brazil.

The Company has invested USD 440 (March 31, 2021: USD 281) towards equity shares. The investments are made throughout the year.

Biocon Biologics FZ-LLC, is a free zone company incorporated and domiciled in United Arab Emirates. The address of the registered office of the subsidiary is 1207N, 12th Floor, HQ Complex, Dubai, United Arab Emirates. The subsidiary has been set up with an objective to promote direct market strategy in middle east countries.

The Company has invested USD 1,000 (March 31, 2021: Nil) towards equity shares. The investments are made throughout the year.

	March 31, 2022	March 31, 2021
B. Current investments		
Quoted equity instruments		
Adagio Therapeutics INC 294,000 (March 31, 2021 - Nil) Common Stock, par value USD 0.0001 each	1,341	-
	<u>1,341</u>	<u>-</u>
5. Trade receivables		
Other Receivables		
Outstanding for a period less than six months from the date they are due for payment		
Trade receivables	31,743	15,229
Other receivables	21,304	22,975
Other receivables from related parties (refer note 20)	1,805	602
	<u>54,852</u>	<u>38,806</u>
The other receivables from related parties are interest free and repayable on demand.		
6. Cash and cash equivalents		
Balances with banks:		
On current accounts	6,834	6,451
Deposits*	841	813
	<u>7,675</u>	<u>7,264</u>
* Deposits are subject to first charge against guarantees obtained.		
7. Prepayments and other assets		
Advance to suppliers	3,665	874
Prepayments	176	303
Others	1,345	124
	<u>5,186</u>	<u>1,301</u>

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)**Notes to the financial statements***All amounts are in USD'000*

	March 31, 2022	March 31, 2021
8. Capital and reserves		
A. Ordinary share capital		
Authorised share capital 116,771,297 (March 31, 2021: 116,771,297) ordinary shares of GBP 1 each	1,59,200	1,59,200
As at April 01,2021	1,59,200	1,59,200
On issue at March 31,2022	1,59,200	1,59,200
Allotted, called up and fully paid 116,771,297 (March 31, 2021 - 116,771,297) equity shares of GBP 1 each	1,59,200	1,59,200
	1,59,200	1,59,200

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

B. Preference shares

Preference share capital 100,000,000 (March 31, 2021: 100,000,000) optionally convertible redeemable non-cumulative preference shares ("OCRPS") of USD 1 each

- Equity component	1,00,000	61,563
- Liability component (refer note 9)	-	38,437
	1,00,000	1,00,000
As at April 1	1,00,000	-
Issued for cash during the year	-	1,00,000
On issue at March 31	1,00,000	1,00,000

Issue of optionally convertible redeemable non-cumulative preference shares

During the year ended March 31, 2021 the Company issued 100,000,000 OCRPS of USD 1 per share for a consideration of USD 100,000 settled in cash. The tenure of the OCRPS is 10 years from the date of issuance. The Company or the holder has the option to convert the OCRPS into equity shares at any time during the tenure at a ratio of 1:1.44 (one equity share for every 1.44 OCRPS). Further, the Company has the option to redeem the OCRPS at its face value at any time during the tenure. The holder of each OCRPS is entitled to a preferential dividend of 5% per annum, subject to declaration by the board of directors of the Company. At the end of the tenure, the Company has the option to either redeem the OCRPS, or to convert them into equity shares, as per the redemption clause and the conversion clause of the term sheet.

However, Clause 14 of the Articles of Association provided an obligation for the payment of a dividend to preference shareholders', upon availability of sufficient profits as per Section 830 of Companies Act, 2006, without approval by the board of directors. Consequently, the above preference shares have been accounted as a compound financial instrument with both equity (due to a fixed for fixed conversion ratio and the fact that the principal is only repayable at the option of the Company) and liability components (due to mandatory dividend payments). The above compound financial instrument was split between the liability and equity components on the date of receipt, with the present value of the dividend payable being considered to be the liability component.

During the current year clause 14 of the article of the association is amended for the payment of the dividend to preference share holder only upon availability of sufficient profit as per section 83 of companies act 2006 and subject to approval of the board of directors. This has resulted in modification and instrument is classified as equity in financial statements.

C. Nature and purpose of reserves*Retained earning*

The amount that can be distributed by the Company as dividends to its equity shareholders.

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)**Notes to the financial statements***All amounts are in USD'000*

	March 31, 2022	March 31, 2021
9. Borrowings		
Non-current		
Liability component of optionally convertible redeemable non-cumulative preference shares (unsecured) (refer note 8B)	-	33,437
Loans from banks (secured)		
Term loan [refer note (a) below]	75,000	-
Loans from banks (unsecured)		
Term loan [refer note (b) below]	23,750	-
	98,750	33,437
Current		
Liability component of optionally convertible redeemable non-cumulative preference shares (unsecured) (refer note 8B)	-	5,000
Loans from banks (unsecured)		
Term loan [refer note (b) and (c) below]	1,311	60,000
	1,311	65,000
<p>(a) During the year ended March 31, 2022, the Company has obtained a term loan facility of USD 75 million from The Hongkong and Shanghai Banking Corporation Limited for a tenure of 5 years. The term loan is repayable at the end of the term in one instalment and carries an interest rate of 1 month LIBOR + 1% p.a. and are secured by first pari-passu charge on the present and future Plant and Machineries of Biocon Sdn. Bhd., Malaysia.</p> <p>(b) During the year ended March 31, 2022, the Company has obtained a term loan facility of USD 25 million from The HDFC Bank Limited for a tenure of 5 years. The term loan is repayable in 5 annual instalments starting from the end of year 1 and carries an interest rate of 3 months LIBOR + 1.25% p.a</p> <p>(c) During the year ended March 31, 2021, the Company had obtained a term loan of USD 60,000 (March 31, 2020: Nil) from HDFC Bank Limited. The term loan is taken for 13 months and is repayable at the end of the term in January 2022 and carries an interest rate of LIBOR + 0.95% p.a. The loan is repaid in full on maturity.</p>		
10. Deferred tax liabilities and assets		
Deferred tax liability		
Intangible assets	12,871	10,421
Gross deferred tax liability	12,871	10,421
Deferred tax assets		
Fair value loss on investments	(914)	-
Others	-	(5)
Gross deferred tax assets	(914)	(5)
Net deferred tax liabilities	11,957	10,416
11. Trade payables		
Trade payables due to related parties (refer note 20)	79,202	38,454
Trade payables	23,435	22,151
Payables for capital goods	3,000	7,500
	1,05,637	68,105
The trade payables due to related parties are interest free and repayable on demand.		

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)**Notes to the financial statements***All amounts are in USD'000*

	For the year ended March 31, 2022	For the year ended March 31, 2021
12. Revenue from contracts with customers		
Sale of goods*	2,10,641	1,84,184
Licensing and development fees	3,074	2,878
Royalty income	588	513
	2,14,303	1,87,575

* includes profit share

12.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Primary geographical markets

Ireland	1,59,691	1,47,552
Brazil	16,684	13,888
Netherlands	7,951	7,335
Rest of the world	29,977	18,800
	2,14,303	1,87,575

Geographical revenue is allocated based on the location of the customers.

12.2 Changes in contract liability - licensing arrangements:

Balance at the beginning of the year	7,461	10,339
Add:- Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	684	-
Less: Revenue recognised during the year	(3,074)	(2,878)
Balance at the end of the year	5,071	7,461

Expected revenue recognition from remaining performance obligations:

- Within one year	2,507	2,993
- More than one year	2,564	4,468
	5,071	7,461

12.3 Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

	March 31, 2022	March 31, 2021
Trade receivables	31,743	15,229
Contract assets	22,384	24,365
Contract liabilities	5,071	7,461

Trade receivables are non-interest bearing.

13. Purchase of traded goods	81,419	69,067
	81,419	69,067

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)**Notes to the financial statements***All amounts are in USD'000*

	For the year ended March 31, 2022	For the year ended March 31, 2021
14. Research and development expenses	March 31, 2022	March 31, 2021
Research and development expenses	94,858	68,018
Less: Recovery from co-developer	(37,744)	(22,126)
Less: Expenses incurred on account of Intangible assets under development (refer note 3)	(2,402)	(1,814)
	54,712	44,078
15. Expenses, staff costs and auditor's remuneration		
<i>Included in profit or loss are the following;</i>		
Lab consumables	2,909	470
Rates and taxes	4	130
Professional fees	3,246	6,219
Travelling and conveyance	(16)	228
Insurance Charges	21	34
Others [refer note (a) below]	31	184
Director's fees	206	80
	6,579	7,345
Staff costs		
Wages, salaries and others	310	4,863
Share based payments	-	96
Social security costs	27	132
Contribution to defined contribution plans	6	93
Severance pay [refer note (b) below]	-	1,421
	343	6,605
(a) Includes USD Nil (March 31, 2021: USD 131) of lease payments. The Company applies the short-term and low value asset lease recognition exemption to its short-term and low value leases of certain premises taken on lease.		
The directors of the Company have received remuneration of USD 206 for the year ended March 31, 2022 (March 31, 2021: USD 80) in respect of their directorship. The average number of employees was 1 for the year ended March 31, 2022 (March 31, 2021: 14). The employees are primarily involved in marketing, business alliance, human resource, portfolio and analytics functions.		
(b) During the year the Company had incurred non-recurring severance cost arising from exit of certain key personnel for the year ended March 31, 2022 amounting to USD Nil (March 31, 2021 - USD 1,421).		
<i>Auditor's remuneration</i>		
Audit of these financial statements	91	101
16. Finance income and expense		
<u>Finance income</u>		
Interest income on:		
Deposits with banks	9	18
	9	18
<u>Finance expenses</u>		
Interest Expense	(310)	-
Net foreign exchange loss	(35)	(52)
Bank charges	(18)	(27)
	(363)	(79)
Net financing income / (expenses)	(353)	(61)

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)
Notes to the financial statements
All amounts are in USD'000

	For the year ended March 31, 2022	For the year ended March 31, 2021
17. Taxation		
(a) Amount recognised in Statement of profit and loss		
Profit for the year	33,719	33,188
UK corporation tax		
Current tax on income for the year	8,900	5,825
Total current tax	8,900	5,825
Deferred tax		
Origination and reversal of temporary differences	(1,024)	241
Increase in tax rate	2,566	-
Total deferred tax	1,542	241
Tax on profit	10,442	6,066
(b) Reconciliation of effective tax rate		
Profit for the year	33,719	33,188
Total tax expense	10,442	6,066
Profit excluding taxation	44,161	39,254
Tax using the UK corporation tax rate of 19% (March 31, 2021 : 19%)	8,391	7,458
Increase / reduction in tax rate on deferred tax balances	2,566	-
Patent deduction	(523)	(1,461)
Others	20	69
Total tax expense	10,454	6,066

An increase in the UK Corporation tax rate to 25% from 19% from April 1, 2023 was substantially enacted on May 24, 2021. Accordingly, this rate has been applied in the measurement of the temporary differences expected to reverse after 31 March 2023.

(c) Recognised deferred tax assets and liabilities

The following is the movement of deferred tax assets / liabilities presented in the consolidated balance sheet

For the year ended March 31, 2022	Opening balance	Recognised in profit or loss	Recognised in equity	Closing balance
Deferred tax liability				
Intangible assets	10,421	2,450	-	12,871
Gross deferred tax liability	10,421	2,450	-	12,871
Deferred tax assets				
Fair value loss on investments	-	(914)	-	(914)
Others	(5)	5	-	-
Gross deferred tax assets	(5)	(909)	-	(914)
	10,416	1,541	-	11,957

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)**Notes to the financial statements***All amounts are in USD'000***17. Taxation (continued)**

For the year ended March 31, 2021	Opening balance	Recognised in profit or loss	Recognised in equity	Closing balance
Deferred tax liability				
Intangible assets	10,743	(322)	-	10,421
Gross deferred tax liability	10,743	(322)	-	10,421
Deferred tax assets				
Contract Liabilities	(568)	568	-	-
Others	-	(5)	-	(5)
Gross deferred tax assets	(568)	563	-	(5)
	10,175	241	-	10,416

18. Related parties**Identity of related parties**

For the purposes of financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

List of related parties with whom the Company had transactions during the year:

Name of related parties	Nature of relationship
Biocon Limited	Ultimate Holding Company
Biocon Biologics Limited (formerly 'Biocon Biologics India Limited')	Holding Company
Biocon Sdn. Bhd.	Subsidiary
Biocon Biologics Healthcare Malaysia Sdn. Bhd. (formerly 'Biocon Healthcare Sdn. Bhd.')	Subsidiary
Biocon Biologics Inc., USA	Subsidiary
Biocon Biologics FZ-LLC, UAE	Subsidiary
Biocon Biologics Do Brazil Ltda., Brazil	Subsidiary
Syngene International Limited	Fellow subsidiary

The Company has the following related party transactions

A. Other related party transactions	<u>March 31, 2022</u>	<u>March 31, 2021</u>
<u>Expenses</u>		
Ultimate Holding Company		
Research and development expenses	35	37
Holding Company		
Purchases of traded goods	81,419	69,067
Research and development expenses	78,307	58,012
Expense incurred by related party on behalf of the Company	-	53

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)**Notes to the financial statements***All amounts are in USD'000***19. Related parties (continued)**

Subsidiary	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Support service cross charge	1,743	-
Expense incurred on behalf of related party	(90)	(472)
Other related parties (Fellow subsidiaries)		
Research and development expenses	1,187	272
Expense incurred by related party on behalf of the Company	4	32

B. Balance outstanding**Payables**

Ultimate Holding Company	(7)	-
Holding Company *	(77,721)	(76,572)
Subsidiaries	(620)	-
Other related parties (Fellow subsidiaries)	(855)	(319)

* includes liability component of OCRPS amounting to USD Nil (March 31, 2021: USD 38,437).

Receivables

Ultimate Holding Company	102	130
Subsidiaries	1,703	472

20. Contingent liabilities

Guarantees		
Guarantees given by banks on behalf of the Company for contractual obligations of the Company	218	558

21. Controlling Party

The ultimate parent company and controlling party is Biocon Limited, a public Company incorporated in India. The largest group in which the results of the Company are consolidated is that headed by Biocon Limited, 20th KM, Hosur Road, Electronic City, Bangalore, India.

The results of the Company also get consolidated in the Consolidated financial statements of parent company, Biocon Biologics Limited (formerly "Biocon Biologics India Limited"), Biocon House, Ground Floor Tower-3, Semicon Park, Electronic City Phase-II, Hosur Road, Bangalore, India. The ultimate parent company produces publicly available financial statements. The consolidated financial statements of Biocon Group can be publicly obtained from the official website, www.biocon.com.