Brown's Q3, Level 2, Unit 1, Quad Central, Triq L-Esportaturi, Central Business District, CBD1020, Malta

24th April 2024

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Brown's Pharma Holdings p.l.c. (the **'Company'**) pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.

Quote

Results of Board of Directors' Meeting and Annual General Meeting

The Company makes reference to Company Announcement Ref. No. BRW24 in relation to the Board of Directors' Meeting and the Annual General Meeting held on the 24th April 2024.

Results of Board of Directors' Meeting

The Company hereby announces that, during the meeting of its Board of Directors held on the 24th April 2024, the Board of Directors resolved to approve the Company's annual report and audited financial statements for the year ended 31st December 2023.

A copy of the said Annual Report and Audited Financial Statements can be found by accessing this link.

Attached to this Company Announcement is a Director's Declaration on ESEF Annual Financial Reports.

Results of Annual General Meeting

The Company hereby announces that the members of the Company approved and adopted the following resolutions at its Annual General Meeting:

1. Annual Report and Audited Financial Statements

That the Company's Annual Report and Audited Financial Statements for the financial year ended 31st December 2023, as duly approved by the Board of Directors of the Company, have been approved by the members of the Company.

2. Re-appointment of the Auditors

Brown's Q3, Level 2, Unit 1, Quad Central, Triq L-Esportaturi, Central Business District,
CBD1020, Malta

That the re-appointment of the auditors of the Company has been approved and that the Directors of the Company were authorised to fix their remuneration.

3. Re-appointment of the Directors

That the current directors have been re-appointed.

4. Dividend

That a final net dividend of €620,321 has been declared.

Unquote

By order of the Board

Dr Jean C. Farrugia
Company Secretary

24th April 2024

DIRECTORS' DECLARATION
ON ESEF ANNUAL FINANCIAL REPORTS

We, Mr Alexander Fenech, Mr Benjamin Muscat and Mr Paul Camilleri, in our capacity as Directors of Brown's Pharma Holdings plc (C 95118), hereby **certify**:

i. That the Annual Financial Report for the year ended 31st December 2023 has been approved by the Board of Directors of the Company and is hereby being made available to the public.

ii. That the Annual Financial Report has been prepared in terms of the applicable rules and regulations, including the Commission Delegated Regulation on the European Single Electronic Format ("ESEF")[1] and the Capital Markets Rules[2].

iii. That the Audit Report on the ESEF Annual Financial Report is an exact copy of the original signed by the auditor and that no alterations have been made to the audited elements of the Annual Financial Report including the annual financial statements.

iv. That the Annual Financial Report shall serve as the official document for the purposes of the Capital Markets Rules and the Companies Act (Chapter 386 of the Laws of Malta).

Mr Alexander Fenech

Director

Mr Benjamin Muscat

Director

Mr Paul Camilleri

Director

[1] Commission Delegated Regulation 2019/815 on the European Single Electronic Format, as may be further amended from time to time.

[2] Capital Markets Rules as issued by the Malta Financial Services Authority (MFSA).

Company Registration Number: C95118

BROWN'S PHARMA HOLDINGS PLC
Annual Report and Consolidated Financial Statements

31 December 2023

Contents

Directors' Report

The Board of Directors present their annual report and the audited consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2023.

Principal activities

The Company's principal activity is to hold shares in four subsidiary companies registered in Malta, Brown's Pharma Limited, Mediva Pharma Limited, Brown's Pharma IP Limited and JP Pharma Retail Holdings Limited. Brown's Pharma Limited operates pharmacies in various localities in Malta, Mediva Pharma Limited operates an aesthetic pharmacy in the United Kingdom, Brown's Pharma IP Limited holds the Group's intellectual property whereas JP Pharma Retail Holdings Limited holds shares in various subsidiary companies registered in Malta. These subsidiary companies hold the pharmacy licences under their names. These companies provide Brown's Pharma Limited the right to operate the licences.

The parent company and any of its subsidiaries do not hold any branches in Malta or abroad.

Review of the business, results and dividends

The Group and the Company continued its trading operations during the year and has reported positive results. The consolidated and separate statement of profit or loss and other comprehensive income is set out on page 12.

In 2023, the Group's revenue registered an increase of 16% (2022: 6%) when compared to previous year. This growth was the result of an organic grown of its existing retail operations; the acquisition and operation of an additional pharmacy licence towards the second half of the year, as well as the acquisition of Mediva Pharma Limited, a UK-based mail order pharmacy business specialising in the sale of aesthetic products to UK-based healthcare professionals. The acquisition of Mediva Pharma Limited was an important milestone in the Group's internationalisation strategy.

Total expenditure increased by 21% to €34,565,805 (2022: €28,611,318). This increase is primarily attributed to significantly higher, market driven, wages and salaries to pharmacists, and costs associated with the restructuring of the Group's UK operations following its acquisition. Management does not expect extraordinary increases in HR costs during 2024, and expects Mediva Pharma Limited to make a profit during the year ended 31 December 2024.

During the year ended 31 December 2023, the Company generated a profit before tax of €2,144,854 (2022: €3,930,602). The decrease is mainly due to a decrease in dividends received during the year.

The level of business and the Group's and the Company's financial position remain satisfactory, and the Board of Directors expect that the present level of activity will be improved in the foreseeable future. The Group did not revalue its pharmacy licences during the year ended 31 December 2023. The last revaluation was performed as at 31 December 2022 with a revaluation gain of €1,947,053 recorded in other comprehensive income. The Board of Directors proposed an interim gross dividend of €1,153,846 (2022: €Nil) and a final gross dividend of €954,340 (2022: €3,894,219) to the ordinary shareholders. These dividends are being declared out of taxable profits resulting in a total net dividend to the ordinary shareholders of €1,370,321 (2022: €2,531,242) equivalent to €0.07 (2022: €0.13) per share.

Directors' Report – continued

Events after the reporting period

As noted in Note 33 of these consolidated and separate financial statements, there were no other adjusting or other significant non-adjusting events between the end of the reporting year and the date of authorisation by the Board of Directors.

Board of Directors

The Board of Directors of the Group who held office during the year ended 31 December 2023 and as at the date of this report are:

Mr. Alexander Fenech (Retail Director)
Mr. Benjamin Muscat (Chairman)
Mr. David Camilleri (appointed on 1 August 2023)
Mr. Jean-Pierre Miceli
Mr. Joseph Caruana
Mr. Mark Grech
Mr. Paul Camilleri
Mr. Robert Spiteri

In accordance with the Group's Articles of Association, the Board members are appointed every 1 year and are eligible for re-appointment at the Annual General Meeting. All Directors shall retire from office, at least, once every three (3) years but shall be eligible for re-election.

Statement of Board of Directors' responsibilities

The Board of Directors are required by the Companies Act, 1995 to prepare consolidated and separate financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of the profit or loss for that year.

In preparing the consolidated and separate financial statements, the Board of Directors are responsible for:

- ensuring that the consolidated and separate financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;

- selecting and applying appropriate accounting policies;

- making accounting estimates that are reasonable in the circumstances; and

- ensuring that the consolidated and separate financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business as going concern;

Directors' Report – continued

Statement of Board of Directors' responsibilities – continued

The Board of Directors is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the consolidated and separate financial statements comply with the Companies Act, 1995. This responsibility includes designing, implementing, and maintaining such internal controls, as the Board of Directors determines the necessary procedures to enable the preparation of the consolidation and separate financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Group and the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Brown's Pharma Holdings plc, for the year ended 31 December 2023 are included in the Annual Report 2023 which is published in iXBRL format, in line with the ESEF requirements, and are made available on the Group's website. In view of their responsibility for the controls over, and the security of, the website, the Board of Directors are responsible for the maintenance and integrity of the Annual Report on the website, https://browns.pharmacy/investor-relations. Access to information published on the Group's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Financial reporting framework

The Board of Directors resolved to prepare the Group's consolidated financial statements and the Company's separate financial statements for the year ended 31 December 2023 in accordance with International Financial Reporting Standards as adopted by the European Union.

Disclosures in terms of the Capital Market Rules

Pursuant to the Capital Market Rule 5.62

<u>Going Concern</u>

The Board of Directors, as required by Capital Market Rule 5.62 have considered the Group's and Company's operational performance, the statements of financial position as at year end as well as the business plans for the coming year, and declare that they have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, in preparing the consolidated and separate financial statements, the Group and the Company are in a position to continue operating as a going concern for the foreseeable future.

Directors' Report – continued

Disclosures in terms of the Capital Market Rules – continued

Pursuant to the Capital Market Rule 5.64

Share capital structure

The Group's and the Company's authorised and issued share capital amounts to €14,662,916 Ordinary "A" shares of €1 each and €5,423,270 Ordinary "B" shares of €1 each. Class 'A' shares have the right to appoint 1 director who shall have 2.5 votes each in meetings of the Board of Directors. Class 'A' and 'B' share shall, together, be entitled to appoint 3 directors to the Board of Directors of the Group and the Company who shall have 1 vote each in meetings of the Board of Directors. Each holder of 'B' shares shall have the right to appoint 1 director to the Board of Directors of the Group who shall have 1 vote each in meetings of the Board of Directors. Except as otherwise provided, all ordinary shares irrespective of class, shall rank equally in all respects, including without limitation, equal participation in profits distributed by the Group and the Company and equal rights upon distribution of the Group's and Company's assets upon its winding up. Each ordinary share shall entitle the holder to 1 vote at each general meeting. No restrictions apply to the transfer of shares.

Holding in excess of 5% of the Share Capital

On the basis of the information available to the Company as at 31 December 2023, 13i Limited and N&N Investments Limited held 7,331,458 ordinary shares of €1 each, which is equivalent to 36.5% each of the Company's authorized and issued share capital, whilst Elka Investments Limited and JLMX Investments Limited held 2,711,635 ordinary shares of €1 each, which is equivalent to 13% each of the Company's authorized and issued share capital.

Appointment and Replacement of Directors

Board members are appointed every 1 year and are eligible for re-appointment at the Annual General Meeting. All Directors shall retire from office, at least, once every three (3) years but shall be eligible for re-election.

Board Member Powers

The powers of the Board members are contained in Article 54 of the Company's Articles of Association.

Contracts with Board Members and Employees

The Company has no agreements between the Company and the Directors of the Company's Board or employees providing for compensation on termination or cessation of their office for any reason whatsoever.

It is hereby declared that as at 31 December 2023, information required under Capital Market Rules 5.64.4, 5.64.5, 5.64.6, 5.64.7 and 5.64.10 are not applicable to the Company.

Directors' Report – continued

Disclosures in terms of the Capital Market Rules – continued

Pursuant to the Capital Market Rule 5.68

We confirm that to the best of our knowledge:

a) The consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 31 December 2023, and of its consolidated and separate financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
b) The annual report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that the Group and the Company faces.

Pursuant to the Capital Market Rule 5.70

There were no material contracts in relation to which a Director of the Group and the Company was directly or indirectly interested.

Pursuant to the Capital Market Rule 5.70.2

The Company secretary is Mr. Jean Carl Farrugia and the registered address is 168, Triq Santa Margerita, Siggiewi, SGW 1017,Malta.

Disclosure of information to auditors

At the date of making this report the Board of Directors confirm the following:

a) As far as each Director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
b) Each Director has taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Principal risks and uncertainties faced by the Group and the Company

The Board as a whole, including the Audit Committee members, considers the nature and extent of the risk management framework and risk profile that is acceptable to the Board of Directors. The Audit Committee regularly reviews the work carried out and ensures that risks are identified and mitigated in a timely manner so as not to have any adverse impact on the Group and the Company.

The Group and the Company's principal risks and uncertainties are included in Note 30 of these consolidated and separate financial statements.

Directors' Report – continued

Auditor

The auditor, Equis Assurance Limited, has intimated its willingness to continue in office and a resolution to reappoint them as auditor of the Group and the Company will be proposed at the forthcoming Annual General Meeting.

Registered address:

The registered office of the Group and the Company is Q3, Level 2, Unit 1, Quad Central, Triq l-Esportaturi, Central Business District, Birkirkara, CBD1020, Malta.

Alexander Fenech
Director

Benjamin Muscat
Director

Paul Camilleri
Director

24 April 2024

Corporate Governance - Statement of Compliance

The Capital Market Rules issued by the Malta Financial Services Authority, require listed companies to observe The Code of Principles of Good Corporate Governance (the "Code"). Although the adoption of the Code is not obligatory, Listed Companies are required to include, in their Annual Report, a Directors' Statement of Compliance which deals with the extent to which Brown's Pharma Holdings plc (the 'Company') has adopted the Code of Principles of Good Corporate Governance and the effective measures that the Company has taken to ensure compliance with the Code, accompanied by a report of the auditors thereon.

Compliance

The Company's Board of Directors (the "Board") believe in the adoption of the Code and has endorsed them except where the size and/or circumstances of the Company are deemed by the Board not to warrant the implementation of specific recommendations. In this context, it is relevant to note that the Company has issued bonds to the public and has no employees. Accordingly, some of the provisions of the Code are not applicable whilst others are applicable to a limited extent.

The Board

The Board of Directors is responsible for devising a strategy, setting policies and the management of the Company. It is also responsible for reviewing internal control procedures, financial performance and business risks facing the Company. The Board is also responsible for decisions relating to the redemption of the Bond, and for monitoring that its operations are in conformity with the Prospectus and all relevant rules and regulations.

Throughout the year under review, the Board regularly reviewed management performance. The Company has in place systems whereby the Board of Directors obtains timely information from the Retail Director, not only at meetings of the Board but at regular intervals or when the need arises.

Chairperson and Chief Executive Officer

The Chairperson's main function is to lead the Board, set the agenda and ensure that all board members partake in discussions of complex and contentious issues.

The Company did not appoint any Chief Executive Officer, however, the day-to-day operations of the Group is under the responsibility of the Retail Director.

Composition of the Board

The Board is composed of one executive and seven non-executive directors, as listed below. The directors were appointed on 5 March 2020, upon incorporation of the Company, while David Camilleri, was appointed on 21st August 2023. All directors can be reappointed to their posts on a three-yearly basis.

Executive Director

Mr. Alexander Fenech (Retail Director)

Corporate Governance - Statement of Compliance – continued

Composition of the Board – continued

Non-Independent Non-Executive Directors

Mr. Jean-Pierre Miceli
Mr. Paul Camilleri
Mr. Robert Spiteri

Independent Non-Executive Directors

Mr. Benjamin Muscat (Chairman)
Mr. David Camilleri
Mr. Joseph Caruana
Mr. Mark Grech

Directors are appointed during the Company's Annual General Meeting for periods of one year, at the end of which term they may stand again for re-election. All Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election. The Articles of Association of the Company clearly set out the procedures to be followed in the appointment of directors.

Internal Control

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to achieve business objectives and to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses or fraud.

Authority to manage the Company is delegated to the Retail Director within the limits set by the Board of Directors. Systems and procedures are in place for the Company to control, report, monitor and assess risks and their financial implications, and to take timely corrective actions where necessary. Regular financial budgets and strategic plans are prepared, and performance against these plans is actively monitored and reported to the Board of Directors on a regular basis.

The Board also approves, after review and recommendation by the Audit Committee, the transfer of funds and other amounts payable to companies within the same group and ensures that these are subject to terms and conditions which are on an arm's length basis.

Directors' Attendance at Board Meetings

The Board believes that it has systems in place to fully comply with the principles of the Code. Board of Directors meet regularly, mainly to review the financial performance of the Company and to review internal control processes. Board members are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting Board papers, which are circulated well in advance of the meeting. All the directors have access to independent professional advice at the Company's expense should they so require.

Corporate Governance - Statement of Compliance – continued

Directors' Attendance at Board Meetings – continued

The Board met formally six times during the year under review. The number of board meetings attended by Directors for the year ended 31 December 2023 is as follows:

Member	**Attended**
Mr. Alexander Fenech	6
Mr. Benjamin Muscat	6
Mr. David Camilleri	3
Mr. Joseph Caruana	6
Mr. Jean-Pierre Miceli	5
Mr. Mark Grech	5
Mr. Paul Camilleri	6
Mr. Robert Spiteri	6

Committees

The Board of Directors believe that, due to the Company's size and operation, the remuneration, evaluation and nominations committees that are suggested in the Code are not required, and that the function of these can efficiently be undertaken by the board itself. However, the Board on an annual basis undertakes a review of the remuneration paid to the Board of Directors and carries out an evaluation of their performance and of the audit committee. The shareholders approve the remuneration paid to the Board of Directors at the annual general meeting.

Audit Committee

The Board established an Audit Committee (the "Committee") in 2021 and has formally set out Terms of Reference as outlined in the Principles laid out in the Capital Markets Rules. The purpose of the Committee is to protect the interest of the Company's share and bondholders and assist the Board of Directors in conducting their role effectively. The Audit Committee also monitors the financial reporting process, the effectiveness of internal control and the audit of the annual financial statements. Additionally, it is responsible for monitoring the performance of the entities borrowing funds from the Company, to ensure that budgets are achieved and if not that corrective action is taken as necessary. It also scrutinises and supervises related party transactions for materiality and ensures that these are carried out at arm's length basis.

The Members of the Audit Committee are:

Mr. Benjamin Muscat
Mr. Joseph Caruana (Chairman of the Audit Committee)
Mr. Mark Grech

Corporate Governance - Statement of Compliance – continued

Audit Committee – continued

Mr. Joseph Caruana graduated with a Bachelor of Mechanical Engineering (Hons.) in 1986 and obtained a Master's degree in Business Administration from Brunel University in 2000. An engineer by profession, Joseph held various posts in several companies worldwide including Sulzer Escher-Wyss A.G., and Air Malta Co. Ltd. He also acted as Operations Director and Deputy Chief Executive Officer at Toly Products and was a General Manager in FXB Furniture Ltd., Marsovin Ltd., H.H. Ltd., and MGC Electronics Ltd. In 2005 he set up Inspectra Limited, providing custom quality control inspections and sorting as well as calibration services to the Maltese industry. Joseph acted as Chief Executive Officer of Mater Dei Hospital between 2011 and 2014 and currently is the joint-owner and director of Omnigene Medical Technologies Ltd.

Mr. Benjamin Muscat is a Certified Public Accountant by profession (Fellow of the Association of Chartered and Certified Accountants – ACCA) with a long career in finance and management at senior executive positions. He has worked in various industry sectors including switchgear manufacturing, food production, beer and soft drink brewing and production and bottling, international fast food franchising, hospitality and timeshare, construction and real estate development, including marketing and selling luxury condominiums. In his capacity as Chief Executive Officer of MIDI Plc, a Maltese listed company, Benjamin was key in the development of the Tigné Point Project. Benjamin was also instrumental in the promotion of the re-generation of part of Malta's historical Grand Harbour including the development of a cruise ship porting facility locally known as the Valletta Waterfront project. He also has extensive experience in raising project specific funding via banking facilities, third party investment, private placements, and issue of equity and debt instruments through retail offers subsequently listed on the Malta Stock Exchange. Today, Benjamin provides professional services as a freelance consultant and sits on the Board of Directors of a number of listed companies, three on the MSE Main Market, namely; Merkanti Holdings Plc, Shoreline Mall Plc, Phoenicia Finance Company Plc and The Convenience Shop (Holding) Plc (also listed on the Prospects MTF).

Mr. Mark Grech is a lawyer by profession (graduated as Doctor of Laws from the University of Malta in 2016) with a passion for business. Mark co-founded One Culture Limited a company that specialises in mass events. Mark is a co-founder of Eleven Entertainment Group and Thirteen Media Limited. In 2018, Mark co-founded X Factor Malta and, in 2020, Malta's Got Talent - two television entertainment-related projects.t

The Committee met formally six times during the year to 31 December 2023.

The Audit Committee is independent and is constituted in accordance with the requirements of the Capital Market Rules. The Head of Finance and the external auditors of the Company attend the meetings of the Committee by invitation. Other executive directors and external consultants are requested to attend when required. The Company Secretary also acts as Secretary to the Audit Committee.

Corporate Governance - Statement of Compliance – continued

Remuneration Statement

In terms of the Company's Memorandum and Articles of Association, it is the shareholders of the Company in the General Meeting who determine the maximum annual aggregate remuneration of the Board of Directors.

None of the Board of Directors is employed or has a service contract with the Company.

No part of the remuneration paid to the Board of Directors is performance-based. The Directors of the Company are not entitled to profit sharing, share options or pension benefits.

The Board of Directors of the Group received €193,841 in aggregate for services rendered to the Group during 2023, whilst the Board of Directors of the Company received €49,800 in aggregate for services rendered to the Company during 2023.

Relations with bondholders and the market

The Company publishes interim and annual financial statements, and when required, Company announcements. The Board feels these provide the market with adequate information about its activities.

Conflicts of Interest

On joining the Board and regularly thereafter, directors and officers of the Company are informed and reminded of their obligations on dealing in securities of the Company within the parameters of law and Capital Markets Rules. The Company has also set reporting procedures in line with the Capital Markets Rules, Code of Principles, and internal code of dealing.

Alexander Fenech Director	Benjamin Muscat Director	Paul Camilleri Director

24 April 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
		Year ended 31 December			
Revenue	2	**38,343,467**	32,926,679	-	-
Cost of Sales	3	**(24,703,481)**	(20,822,696)	-	-
Gross profit		**13,639,986**	12,103,983	-	-
Administrative expenses	3	**(9,128,417)**	(7,006,303)	**(127,073)**	(168,635)
Selling and distribution expenses	3	**(733,907)**	(782,319)	-	-
Other income	6	**249,709**	101,925	**88,257**	160,711
Operating profit/(loss)		**4,027,371**	4,417,286	**(38,816)**	(7,924)
Investment Income	5	**16,358**	873	**2,718,490**	4,480,740
Finance costs	7	**(1,214,119)**	(1,069,450)	**(534,820)**	(542,214)
Profit before income tax		**2,829,610**	3,348,709	**2,144,854**	3,930,602
Income tax	8	**(1,258,894)**	(1,233,712)	**(774,533)**	(1,399,360)
Profit for the year – attributable to the owners of the Company		**1,570,716**	2,114,997	**1,370,321**	2,531,242
<u>Other comprehensive income</u>					
Items that will not be reclassified subsequently to profit or loss					
Revaluation increase on intangible assets	10	-	1,947,053	-	-
Deferred income tax increase relating to components of other comprehensive income	8	-	(681,469)	-	-
Other comprehensive income for the financial year, net of income tax		-	1,265,584	-	-
Total comprehensive income for the financial year – attributable to the owners of the Company		**1,570,716**	3,380,581	**1,370,321**	2,531,242

The accounting policies and explanatory notes on pages 20 to 70 form an integral part of the consolidated and separate financial statements.

Consolidated Statement of Financial Position

	Notes	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
		As at 31 December			
ASSETS					
Non-current assets					
Intangible assets	10	**49,538,885**	48,020,338	**-**	-
Goodwill	12	**2,348,351**	2,152,825	**-**	-
Tangible assets					
Property, plant and equipment	11	**2,838,201**	2,522,283	**-**	-
Right-of-use assets	13	**9,684,552**	9,880,396	**-**	-
Investments in subsidiaries	14	**-**	-	**20,086,189**	20,086,188
Trade and other receivables	17	**-**	57,460	**13,272,362**	14,394,134
Financial assets					
Investments in financial assets	15	**150,000**	-	**-**	-
		64,559,989	62,633,302	**33,358,551**	34,480,322
Current assets					
Financial assets					
Investments in financial assets	15	**1,000,000**	1,000,000	**-**	-
Inventories	16	**3,544,867**	2,913,791	**-**	-
Trade and other receivables	17	**5,824,449**	3,655,913	**114,631**	16,853
Current tax asset	26	**174,409**	270,450	**-**	-
Cash and cash equivalents	28	**2,904,803**	2,531,457	**285,157**	23,619
		13,448,528	10,371,611	**399,788**	40,472
Total assets		**78,008,517**	73,004,913	**33,758,339**	34,520,794
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	18	**20,086,186**	20,086,186	**20,086,186**	20,086,186
Retained earnings	20	**843,102**	642,707	**-**	-
Revaluation reserve	19	**6,998,405**	6,998,405	**-**	-
Translation reserve	21	**(4,198)**	-	**-**	-
Total equity		**27,923,495**	27,727,298	**20,086,186**	20,086,186

Consolidated Statement of Financial Position – continued

	Notes	**The Group 2023 €**	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
		As at 31 December			
LIABILITIES					
Non-current liabilities					
Interest-bearing borrowings	22	**15,010,866**	12,763,538	**12,791,366**	12,763,538
Deferred taxation	24	**14,662,905**	13,880,043	**-**	-
Lease liabilities	23	**9,470,721**	9,454,930	**-**	-
		39,144,492	36,098,511	**12,791,366**	12,763,538
Current liabilities					
Interest-bearing borrowings	22	**185,538**	100,000	**-**	-
Trade and other payables	25	**10,193,100**	8,569,876	**880,787**	1,671,070
Lease liabilities	23	**561,892**	509,228	**-**	-
		10,940,530	9,179,104	**880,787**	1,671,070
Total liabilities		**50,085,022**	45,277,615	**13,672,153**	14,434,608
Total equity and liabilities		**78,008,517**	73,004,913	**33,758,339**	34,520,794

The official closing rate of exchange used by the European Central Bank between the Great Britain Pound (GBP) and the Euro (EUR) at 31 December 2023 was 0.86905 (2022: 0.88693).

The accounting policies and explanatory notes on pages 20 to 70 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 12 to 70 were approved and authorised for issue by the Board of Directors on 24 April 2024 and were signed on its behalf by:

Alexander Fenech Director	Benjamin Muscat Director	Paul Camilleri Director

Consolidated Statement of Changes in Equity

The Group

	Note	Share capital €	Retained earnings €	Revaluation reserve €	Total €
Balance at 1 January 2022		20,086,186	1,058,952	5,732,821	26,877,959
Profit for the year		-	2,114,997	-	2,114,997
Other comprehensive income for the year		-	-	1,265,584	1,265,584
Total comprehensive income for the financial year		**-**	**2,114,997**	**1,265,584**	**3,380,581**
Transaction with owners					
Dividends declared	9	-	(2,531,242)	-	(2,531,242)
Balance at 31 December 2022		**20,086,186**	**642,707**	**6,998,405**	**27,727,298**

Consolidated Statement of Changes in Equity – continued

The Group

	Note	Share capital €	Retained earnings €	Revaluation reserve €	Translation reserve €	Total €
Balance at 1 January 2023		20,086,186	642,707	6,998,405	-	27,727,298
Transfer upon acquisition of new subsidiary		-	-	-	(10,102)	(10,102)
Movement for the year		-	-	-	5,904	5,904
Profit for the year		-	1,570,716	-	-	1,570,716
Total comprehensive income for the financial year		**-**	**1,570,716**	**-**	**-**	**1,570,716**
Transaction with owners						
Dividends declared	9	-	(1,370,321)	-	-	(1,370,321)
Balance at 31 December 2023		**20,086,186**	**843,102**	**6,998,405**	**(4,198)**	**27,923,495**

Consolidated Statement of Changes in Equity – continued

The Company

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2022		20,086,186	-	20,086,186
Total comprehensive income for the financial year		-	2,531,242	2,531,242
Transactions with owners				
Dividends declared	9	-	(2,531,242)	(2,531,242)
Balance at 31 December 2022		**20,086,186**	**-**	**20,086,186**
Balance at 1 January 2023		20,086,186	-	20,086,186
Total comprehensive income for the financial year		-	1,370,321	1,370,321
Transactions with owners				
Dividends declared	9	-	(1,370,321)	(1,370,321)
Balance at 31 December 2023		**20,086,186**	**-**	**20,086,186**

The accounting policies and explanatory notes on pages 20 to 70 form an integral part of the consolidated and separate financial statements.

Consolidated Statement of Cash Flows

		Year ended 31 December			
	Notes	**The Group 2023 €**	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Operating activities					
Cash generated from/(used in) operations	27	**3,926,280**	6,809,441	**(25,338)**	(7,025)
Net tax paid	26	**(391,122)**	(1,443,126)	**-**	-
Net cash generated from/(used in) operating activities		**3,535,158**	5,366,315	**(25,338)**	(7,025)
Investing activities					
Interest received		**16,358**	873	**-**	-
Purchase of property, plant and equipment	11	**(712,210)**	(915,155)	**-**	-
Purchase of website costs	10	**(96,640)**	(80,510)	**-**	-
Purchase of pharmacy licence	10	**(1,515,000)**	(2,803,799)	**-**	-
Purchase of shares in subsidiary companies	14	**-**	-	**(1)**	(1,200)
Purchase of investment in financial assets	15	**(1,150,000)**	(1,000,000)	**-**	-
Disposal of investment in financial assets	15	**1,000,000**	-	**-**	-
Increase in amounts due from subsidiaries net of dividend		**-**	-	**2,908,269**	(1,885,264)
Net cash (used in)/generated from investing activities		**(2,457,492)**	(4,798,591)	**2,908,268**	(1,886,464)
Financing activities					
Interest paid		**(631,652)**	(522,386)	**(506,992)**	(514,386)
(Redemption)/issue of redeemable preference shares		**-**	(14)	**-**	-
Increase in bank borrowings	22	**2,305,046**	-	**-**	-
Net movement in amounts held by Trustee		**57,460**	3,939,143	**57,460**	3,939,143
Net movements in ultimate parent companies balance (net of dividend declared)		**(1,098,998)**	(2,259,919)	**(2,169,539)**	(1,510,049)
Net movements in other related parties' balances		**(386,568)**	(386,568)	**(2,321)**	1,200
Principal payments of lease liabilities		**(1,074,979)**	(1,208,926)	**-**	-
Net cash (used in)/generated from financing activities		**(829,691)**	(438,670)	**(2,621,392)**	1,915,908

Consolidated Statement of Cash Flows – continued

		Year ended 31 December			
	Notes	**The Group 2023 €**	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Effect of foreign exchange rate changes		**5,807**	-	-	-
Movement in cash and cash equivalents		**253,782**	129,054	**261,538**	22,419
Cash and cash equivalents at beginning of year		**2,531,457**	2,402,403	**23,619**	1,200
Cash and cash equivalents acquired upon acquisition of subsidiary		**119,564**	-	-	-
Cash and cash equivalents at end of year	28	**2,904,803**	2,531,457	**285,157**	23,619

The accounting policies and explanatory notes on pages 20 to 70 form an integral part of the consolidated and separate financial statements.

Notes to the Financial Statements

1. Accounting policies

The principal material accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Basis of preparation

The consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and comply with the Companies Act (Cap.386). The consolidated and separate financial statements have also been prepared in accordance with IFRS Standards adopted by the European Union and comply with the Companies Act (Cap.386) and therefore the Group consolidated financial statements comply with Article 4 of the EU IAS Consolidated Regulation.

The consolidated and separate financial statements are prepared under the historical cost convention, except for the revaluation of intangible assets and financial instruments that are measured at revalued amounts, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

i. Use of estimates and judgements

In preparing the consolidated and seperate financial statements, the Board of Directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the consolidated and separate financial statements. These estimates are reviewed on a regular basis and, if a change is needed, it is accounted for in the year the changes become known. Except for the below, in the opinion of the Board of Directors, the accounting estimates, assumptions and judgements made in the course of preparing these consolidated and separate financial statements are not difficult, subjective or complex to a degree which would warrant their description as significant in terms of the requirements of IAS 1 (revised) - 'Presentation of financial statements'. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below.

Fair value of intangible assets

The Group uses a valuation methodology to determine the fair value of its pharmacy licences. The fair value of these licences is calculated on market-based valuation techniques by applying the acquisition price to pre-takeover turnover using acquisition transactions in process of being completed or recently completed. In the opinion of the Board of Directors, there are no other areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements.

1. Accounting policies – continued

a. Basis of preparation – continued

i. Use of estimates and judgements – continued

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial instruments sections of Note 1n). The Group and the Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group and the Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's and the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the years presented.

ii. New and amended IFRS Standards that are effective for the current year

In 2023, the Group and the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatory for the Group and the Company's accounting year beginning on 1 January 2023. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group and the Company's accounting policies impacting the financial performance and position.

1. Accounting policies – continued

a. Basis of preparation – continued

ii. New and amended IFRS Standards that are effective for the current year – continued

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Material Accounting Policies	The Group and the Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regards to disclosure of material accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The Group and the Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

1. **Accounting policies** – continued

a. **Basis of preparation** – continued

ii. **New and amended IFRS Standards that are effective for the current year** – continued

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	The Group and the Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted

iii. **New and revised IFRS Standards in issue but not yet effective**

At the date of authorisation of these consolidated and separate financial statements, the Group and the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective had not yet been adopted by the EU:

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 1	*Classification of Liabilities as Current and Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*

The Board of Directors do not expect that the adoption of the Standards listed above will have a material impact on the consolidated and separate financial statements of the Group and the Company in future years.

b. **Going concern**

The Board of Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

With regards to the Company, during the year ended 31 December 2023, the Company registered a profit for the year of €1,370,321 (2022: €2,531,242) and at the statement of financial position date its current liabilities exceeded it current assets by €480,999 (2022: €1,630,598). These standalone financial statements have been prepared on a going concern basis, on the basis of undertakings given by the Company's ultimate parent companies to continue to provide financial support to the Company in the foreseeable future and not to demand payments for their dues unless the Company has sufficient liquidity to finance its commitments.

1. Accounting policies – continued

c. Basis of consolidation

The Group's consolidated financial statements consolidate those of the parent Company and all of its subsidiaries and sub-subsidiaries as of 31 December 2023 each year. The subsidiaries and sub-subsidiaries have a reporting date of 31 December. Control is achieved when the Company:

- has the power over the investee.
- Is exposed, or has rights, to variable returns from its involvement with the investee.
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

1. **Accounting policies** – continued

c. **Basis of consolidation** – continued

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

d. **Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see below).
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

1. Accounting policies – continued

d. Business combinations – continued

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

e. Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1. Accounting policies – continued

f. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value-added tax and discounts, where applicable.

To determine whether to recognise revenue, the Group follows a 5-step process:

i. Identifying the contract with a customer
ii. Identifying the performance obligations
iii. Determining the transaction price
iv. Allocating the transaction price to the performance obligations
v. Recognising revenue when/as performance obligations are satisfied.

The Group and the Company recognises revenue from the following major sources:

i. Revenue is recognised upon delivery of pharmaceutical products and similar services across twenty six retail pharmacy outlets in Malta and one pharmacy in the United Kingdom. They are reported in the consolidated financial statements as revenue, net of VAT and discounts.

ii. Interest income – as it accrues, unless collectability is in doubt.

iii. Dividend income – when the shareholders' right to receive payment is established.

g. Foreign currencies

(i) Functional and presentation currency

Items included in the Group's consolidated and the Company's separate financial statements are measured using the currency of the primary economic environment in which the entity operates. The Euro is the Group's and the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency (Euro) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated and separate statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

1. **Accounting policies** – continued

h. Intangible assets

Intangible assets comprise of pharmacy licences and website costs. The subsidiary companies within the Group hold the licence to operate the pharmacy outlets and gave the rights to operate these licences to Brown's Pharma Limited, the Company's subsidiary.

The licences are initially measured at cost. After initial recognition, the licences are carried at revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. It is the Group's policy to revalue its licences every two years.

If the carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If the carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The licenses have an indefinite useful life thus should not be amortised. An asset is considered as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The useful life should be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to definite should be accounted for as a change in an accounting estimate.

Acquired website costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 4 years. Costs associated with maintaining the website are recognised as an expense incurred.

Where an indication of impairment exists, in that the carrying amount of an intangible asset is greater than its estimated recoverable amount, a charge is made to write down the value of the asset to its estimated recoverable amount (Accounting policy (l)).

1 Accounting policies – continued

i. Leases

The Group as lessee

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate of 5.5% for leased properties situated in Malta and 10.5% for leased properties situated in the United Kingdom.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

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

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

The lease liability is presented as a separate line in the consolidated statement of financial position.

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

1. Accounting policies – continued

i. Leases – continued

The Group as lessee – continued

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

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

The Group did not make any such adjustments during the years presented.

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

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

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

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

1. **Accounting policies** – continued

i. **Leases** – continued

The Group as lessee – continued

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

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

j. **Property, plant and equipment**

Property, plant and equipment, comprising improvements to premises, computer equipment, furniture and fittings, electrical installations, motor vehicle, plant and machinery and shop equipment are initially recorded at cost and are subsequently stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income.during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

• Computer equipment	33%
• Electrical installations	6.66%
• Furniture and fittings	10%
• Improvements to premises	1% – 20%
• Motor vehicle	20%
• Plant and machinery	25%
• Shop equipment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount, and are taken into account in determining operating profit.

1. **Accounting policies** – continued

j. **Property, plant and equipment** – continued

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Accounting policy (l)).

k. **Investments in subsidiaries**

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting. The dividend income from such investments is included in the separate statement of profit or loss and other comprehensive income.in the accounting period in which the Company's rights to receive payment of any dividend is established. The Company gathers objective evidence that an investment is impaired. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the separate statement of profit or loss and other comprehensive income.

l. **Impairment of non-financial assets**

At each reporting date, the Group and the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

1. **Accounting policies** – continued

l. **Impairment of non-financial assets** – continued

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

m. **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method and comprises expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

n. **Fair value measurement**

The Group measures non-financial assets such as goodwill, intangible assets and financial assets at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1. Accounting policies – continued

n. Fair value measurement – continued

All assets and liabilities for which fair value is measured or disclosed in the consolidated and separate financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated and separate financial statements at fair value on a recurring basis, the Group and the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

o. Financial instruments

Financial assets and financial liabilities are recognised in the Group's and the Company consolidated and separate statement of financial position when the Group and the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

i) Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition either at amortised cost, fair value through other comprehensive income ("OCI") or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, or for which the Group and the Company has applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value.

1. Accounting policies – continued

o. Financial instruments – continued

i) Financial assets – continued

(a) Initial recognition and measurement - continued

Trade and other receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at amortised cost;
b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
d) Financial assets at fair value through profit or loss

The Group holds financial assets at fair value through profit or loss and at amortised costs whilst the Company holds financial assets at amortised costs.

Financial assets at amortised cost

The Group and the Company measures financial assets at amortised cost if both of the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1. Accounting policies – continued

o. Financial instruments – continued

i) Financial assets – continued

(b) Subsequent measurement – continued

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost are trade and other receivables which are expected to be received within 1 year from year end.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying effective interest rate to the gross carrying amount of a financial asset.

Interest income is recognised in profit or loss and is included in the "investment income" line item (Note 5).

Financial assets at fair value through profit or loss

The Group and the Company measures financial assets fair value through profit or loss if there are no contractual terms of the financial asset that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and they are not classified as financial assets at fair value through OCI.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

1. **Accounting policies** – continued

o. **Financial instruments** – continued

i) **Financial assets** – continued

(c) Derecognition

A financial asset is primarily derecognised when:

a) The rights to receive cash flows from the asset have expired; or
b) The Group and the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either the Group and the Company has transferred substantially all the risks and rewards of the asset or the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(d) Impairment

The Group and the Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at an approximate of the original effective interest rate. The expected cash flows will include cash flows from the sale of a collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group and the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. The Group and the Company considers a financial asset in default when contractual payments are ninety (90) days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

1. Accounting policies – continued

o. Financial instruments – continued

ii) Financial liabilities and equity

a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's and the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's and the Company's own equity instruments.

c) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group and the Company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

1. Accounting policies – continued

o. Financial instruments – continued

ii) Financial liabilities and equity

c) Financial liabilities – continued

Financial liabilities at amortised cost – continued

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group's and Company's financial liabilities include debt securities in issue.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate, the "EIR" method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. The EIR amortisation is included as finance costs in the consolidated and separate statement of profit or loss and other comprehensive income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated and separate statement of profit or loss and other comprehensive income.

p. Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated and separate statement of financial position at face value. For the purposes of the consolidated and separate statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

1. Accounting policies – continued

q. Current and deferred taxation

The tax expense for the year comprises current and deferred taxation.

Taxation is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity, respectively.

Current tax is based on the taxable result for the year. The taxable result for the year differs from the results as reported in profit or loss because it excludes items which hare non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. Current tax also includes any tax arising from dividends. It is calculated using the tax rates that have enacted or substantively enacted by the end of the reporting year, and any adjustments in relation to the prior years.

Deferred taxation is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

r. Share capital and dividends

Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

s. Employee benefits

The Group contribute towards the state pension in accordance with local legislation. The only obligation is to make the required contributions. Costs are expensed in the year in which they are incurred.

t. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

1. Accounting policies – continued

t. Borrowing costs – continued

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset affects profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

u. Provisions and contingent liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

v. Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Board of Directors, which is the Group's chief operating decision-maker in accordance with the requirements of IFRS 8, Operating Segments.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance executing the function of the chief-operating decision-maker.

The Board of Directors considers the Group to constitute one reporting segment in view of its activities.

2. Revenue

All the Group's revenue is generated from the sales and export of pharmaceutical products generated in Malta and the UK. The timing of revenue recognition are all at a point in time.

3. Expenses by nature

The major items included within the consolidated and separate statement of profit or loss and other comprehensive income are included below:

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Amortisation of intangible assets (Note 10)	**93,093**	78,120	**-**	-
Auditor's remuneration	**68,890**	56,643	**35,105**	22,225
Cost of sales	**24,703,481**	20,822,696	**-**	-
Directors' remuneration	**193,841**	149,123	**49,800**	46,801
Depreciation of property, plant and equipment (Note 11)	**454,783**	382,684	**-**	-
Depreciation of right-of-use assets (Note 13)	**790,727**	687,065	**-**	-
Realised differences on exchange	**2,037**	1,532	**37,242**	70,921
Staff costs (Note 4)	**5,426,568**	4,220,222	**-**	-

Cost of sales by category of activity:

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Cost of sales of pharmaceutical and similar goods or services	**24,493,802**	20,578,948	**-**	-
Laser expenses	**175,206**	136,166	**-**	-
Other	**34,473**	107,582	**-**	-
	24,703,481	20,822,696	**-**	-

3. Expenses by nature – continued

Auditor's fees

Fees charged, excluding VAT, by the auditor for the services rendered during the financial years ended 31 December 2023 and 2022 relate to the following:

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Annual statutory auditors	**68,890**	56,643	**35,105**	22,225
Tax compliance & advisory services	**6,591**	6,000	**354**	354
Other non – audit services	**4,535**	295	**826**	295
	80,016	62,938	**36,285**	22,874

4. Staff costs

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Wages and salaries	**5,213,016**	4,078,602	**-**	-
Social security costs	**196,044**	141,620	**-**	-
Pension costs	**17,508**	-	**-**	
	5,426,568	4,220,222	**-**	-

Average number of full-time equivalents employed by the Group and the Company during the year:

	The Group 2023	The Group 2022	**The Company 2023**	The Company 2022
Operational	**206**	198	**-**	-
Administration	**17**	14	**-**	-
Selling and distribution	**7**	4	**-**	-
	230	214	**-**	-

5. Investment income

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Dividend receivable	**-**	-	**2,212,951**	3,998,171
Interest receivable on amounts due from subsidiary	**-**	-	**505,539**	482,569
Interest receivable on bank balances	**16,358**	873	**-**	-
	16,358	873	**2,718,490**	4,480,740

6. Other income

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Other income	**121,797**	91,588	**-**	-
Disbursement of expenses	**-**	-	**88,257**	160,711
Tax credit utilised	**-**	9,837	**-**	-
Reimbursement of salaries	**8,021**	500	**-**	-
Release due to termination charge of leases	**6,086**	-	**-**	-
Write-off of other payables	**113,805**	-	**-**	-
	249,709	101,925	**88,257**	160,711

7. Finance costs

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Interest payable on debt security in issue	**507,000**	514,394	**507,000**	514,394
Amortisation of debt security in issue costs	**27,820**	27,820	**27,820**	27,820
Interest payable on bank loans	**116,652**	-	**-**	-
Interest payable on third party loan	**8,000**	8,000	**-**	-
Finance cost – lease liability	**554,647**	519,236	**-**	-
	1,214,119	1,069,450	**534,820**	542,214

8. Income tax

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Current tax:				
At 15%	**2,454**	131	**-**	-
At 35%	**484,709**	509,107	**774,533**	1,399,360
Over provision of prior year tax	**-**	(1,200)	**-**	-
Deferred tax charge for the year (Note 24)	**771,731**	725,674	**-**	-
	1,258,894	1,233,712	**774,533**	1,399,360

The tax expense and the result of accounting profit multiplied by the statutory domestic income tax rate is reconciled as follows:

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Profit before tax	**2,829,610**	3,348,709	**2,144,854**	3,930,602
Tax on accounting profit at 35% thereon	**990,364**	1,172,048	**750,699**	1,375,711
Tax effect of:				
Net effect on right-of-use assets depreciation and lease liabilities finance charge	**91,519**	(1,222)	**-**	-
Income not subject to tax	**(39,832)**	(3,443)	**(207,829)**	(225,148)
Income subject to reduced tax rates of tax	**(3,272)**	(175)	**-**	-
Non-allowable expenses	**183,384**	77,030	**231,663**	248,797
Allowance on amortisation of intellectual property	**(735,000)**	(735,000)	**-**	-
Movement in deferred tax	**771,731**	725,674	**-**	-
Over provision of prior-year tax	**-**	(1,200)	**-**	-
	1,258,894	1,233,712	**774,533**	1,399,360

8. **Income tax** – continued

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised in consolidated other comprehensive income:

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Deferred tax:				
Gains on pharmacy licences revaluation	-	681,469	-	-
Total income tax recognised in other comprehensive income	-	681,469	-	-

9. Dividends

The Group and the Company	**2023 €**	2022 €
Ordinary shares		
Interim dividend	**750,000**	-
Final dividend	**620,321**	2,531,242
	1,370,321	2,531,242
Ordinary shares		
Final dividend	**1,370,321**	2,531,242
Euro per share	**0.07**	0.13

As at 31 December 2023, the Board of Directors proposed final gross dividend of €2,108,186 (2022: €3,894,219) to the ordinary shareholders. These dividends are being declared out of taxable profits resulting in a total net dividend to the ordinary shareholders of €1,370,321 (2022: €2,531,242) which is equivalent to €0.07 (€0.13) per share.

10. Intangible assets

The Group	Pharmacy Licences €	Website Costs €	Total €
At 1 January 2022			
Cost	7,317,095	236,422	7,553,517
Accumulated amortisation	-	(85,950)	(85,950)
Revaluation surplus	35,799,529	-	35,799,529
Net book amount	**43,116,624**	**150,472**	**43,267,096**
Movements for the year ended 31 December 2022			
Opening net book amount	43,116,624	150,472	43,267,096
Additions	2,803,799	80,510	2,884,309
Amortisation charge	-	(78,120)	(78,120)
Revaluation surplus	1,947,053	-	1,947,053
Closing net book amount	**47,867,476**	**152,862**	**48,020,338**
At 31 December 2022			
Cost	10,120,894	316,932	10,437,826
Accumulated amortisation	-	(164,070)	(164,070)
Revaluation surplus	37,746,582	-	37,746,582
Net book amount	**47,867,476**	**152,862**	**48,020,338**
Movements for the year ended 31 December 2023			
Opening net book amount	47,867,476	152,862	48,020,338
Additions	1,515,000	96,640	1,611,640
Amortisation charge	-	(93,093)	(93,093)
Closing net book amount	**49,382,476**	**156,409**	**49,538,885**
At 31 December 2023			
Cost	11,635,894	413,572	12,049,466
Accumulated amortisation	-	(257,163)	(257,163)
Revaluation surplus	37,746,582	-	37,746,582
Net book amount	**49,382,476**	**156,409**	**49,538,885**

The pharmacy licences were valued by the Board of Directors as at 31 December 2022. There were no revaluations during the year ended 31 December 2023.

Amortisation charge of €93,093 (2022: €78,120) is included in administrative expenses.

11. Property, plant and equipment

The Group

	Improvements to premises	Computer equipment	Furniture & fittings	Shop equipment	Motor Vehicle	Electrical Installations	Total
	€	€	€	€	€	€	€
At 1 January 2022							
Cost	746,084	469,090	1,552,693	859,625	19,555	313,701	3,960,748
Accumulated depreciation	(51,969)	(402,207)	(884,253)	(472,730)	(19,555)	(140,222)	(1,970,936)
Net book amount	**694,115**	**66,883**	**668,440**	**386,895**	**-**	**173,479**	**1,989,812**
Movements for year ended 31 December 2022							
Opening net book amount	694,115	66,883	668,440	386,895	-	173,479	1,989,812
Additions	201,857	155,789	355,055	48,628	-	153,826	915,155
Depreciation charge	(9,479)	(92,252)	(137,221)	(112,572)	-	(31,160)	(382,684)
Closing net book amount	**886,493**	**130,420**	**886,274**	**322,951**	**-**	**296,145**	**2,522,283**
At 31 December 2022							
Cost	947,941	624,879	1,907,748	908,253	19,555	467,527	4,875,903
Accumulated depreciation	(61,448)	(494,459)	(1,021,474)	(585,302)	(19,555)	(171,382)	(2,353,620)
Net book amount	**886,493**	**130,420**	**886,274**	**322,951**	**-**	**296,145**	**2,522,283**

11. **Property, plant and equipment** – continued

The Group

	Improvements to premises	Computer equipment	Furniture & fittings	Shop equipment	Motor Vehicle	Electrical Installations	Plant & Machinery	Total
	€	€	€	€	€	€	€	€
Movements for year ended 31 December 2023								
Opening net book amount	886,493	130,420	886,274	322,951	-	296,145	-	2,522,283
Acquired upon acquisition of subsidiary	-	-	-	-	-	-	58,491	58,491
Additions	315,888	159,381	94,176	24,713	-	15,352	102,700	712,210
Depreciation charge	(19,897)	(128,764)	(145,798)	(100,895)	-	(30,684)	(28,745)	(454,783)
Closing net book amount	**1,182,484**	**161,037**	**834,652**	**246,769**	-	**280,813**	**132,446**	**2,838,201**
At 31 December 2023								
Cost	1,263,829	784,260	2,001,924	932,966	19,555	482,879	180,186	5,665,598
Accumulated depreciation	(81,345)	(623,223)	(1,167,272)	(686,197)	(19,555)	(202,066)	(47,740)	(2,827,398)
Net book amount	**1,182,484**	**161,037**	**834,652**	**246,769**	-	**280,813**	**132,446**	**2,838,201**

Fully depreciated assets which were still in use at 31 December 2023 had a cost of €1,539,254 (2022: €1,137,611), on which depreciation otherwise chargeable would have amounted to €281,416 (2022: €203,850).

Depreciation charge of €454,783 (2022: €382,684) is included in administrative expenses.

12. Goodwill

The Group

	€
Cost and carrying amount	
At 1 January 2022/2023	**2,152,825**
At 1 January 2023	2,152,825
Additions	195,526
At 31 December 2023	**2,348,351**

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

13. Right-of-use assets

The Group	**Buildings** €
Cost	
At 1 January 2022	9,157,977
Additions	2,527,151
Net effect on modifications made on existing contracts	(55,141)
At 31 December 2022	**11,629,987**
At 1 January 2023	11,629,987
Additions	664,901
Disposal	(120,943)
At 31 December 2023	**12,173,945**
Accumulated depreciation	
At 1 January 2022	1,062,526
Depreciation charge	687,065
At 31 December 2022	**1,749,591**
At 1 January 2023	1,749,591
Depreciation charge	790,727
Release of depreciation upon disposal	(50,925)
At 31 December 2023	**2,489,393**
Carrying amount	
At 31 December 2022	**9,880,396**
At 31 December 2023	**9,684,552**

The Group leases buildings. The average lease term is 15 years (2022: 16 years).

13. Right-of-use assets – continued

Amounts recognised in profit and loss

	2023 €	2022 €
Depreciation expense on right-of-use assets	**(790,727)**	(687,065)
Interest expense on lease liabilities	**(554,647)**	(519,236)
Expense relating to leases of low value assets	**(8,792)**	(8,650)
Expense related to variable lease payments not included in the measurement of lease liability	**(223,363)**	(150,094)
Net release of Right-of-use assets and lease liabilities upon disposal	**6,086**	-

Variable lease payments

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased property or depend on the change in the consumer price index. The breakdown of lease payments for these retail outlets is as follows:

	2023 €	2022 €
Fixed payments	**1,075,773**	1,209,793
Variable payments	**223,363**	150,094
Total payments	**1,299,136**	1,359,887

Overall, the variable payments constitute up to 18% (2022: 11%) of the Group's entire lease payments. The Group expects this ratio to change in future years as the variable payments depend on sales, consumer price index and consequently on the overall economic development over the next few years. The total cash outflow for leases amount to €1,299,136 (2022: € 1,359,887)

14. Investments in subsidiaries

The Company	2023 €	2022 €
Movements for the year ended 31 December		
Opening net book amount	**20,086,188**	20,084,988
Additions	**1**	1,200
Closing net book amount	**20,086,189**	20,086,188
At 31 December		
Cost/net book amount	**20,086,189**	20,086,188

14. Investments in subsidiaries – continued

The carrying amount of the investments at 31 December 2023 and 2022 is equivalent to the cost of the investments. The subsidiaries, all of which are unlisted, at 31 December are shown below:

Name	Registered office	Principal activities	Percentage of shares held 2023	2022
Brown's Pharma Limited	Q3, Level 2, Unit 1, Quad Central, Triq L-Esportaturi, Central Business District, Birkirkara,CBD 1020	Operation of retail pharmacies	**100%**	100%
Brown's Pharma IP Limited	Q3, Level 2, Unit 1, Quad Central, Triq L-Esportaturi, Central Business District, Birkirkara,CBD 1020	Holding of the Group's intellectual property	**100%**	100%
JP Pharma Retail Holdings Limited	Q3, Level 2, Unit 1, Quad Central, Triq L-Esportaturi, Central Business District, Birkirkara,CBD 1020	Holding company of companies holding the pharmacy licences	**100%**	100%
Mediva Pharma Limited	66 Tanners Drive, Blakelands, Milton Keynes, Bucks, MK 14 5BP	Operation of an aesthetics pharmacy	**100%**	-

As at 31 December 2023 JP Pharma Retail Holdings Limited held 100% (2022: 100%) in Brown's Grognet Pharmacy Ltd., Brown's Medical Plaza Ltd., Brown's Pharmacy Fleur-de-Lys Ltd., Brown's Pharmacy Hamrun Ltd., Brown's Pharmacy Kalkara Ltd., Brown's Pharmacy M1 Ltd., Brown's Pharmacy M2 Ltd., Brown's Pharmacy Paola Ltd., Brown's Pharmacy Pieta' Ltd., Brown's Pharmacy Rahal Gdid Ltd., Brown's Pharma Qormi Ltd., Brown's Pharma St. Andrews Ltd., Brown's Pharmacy Sliema Ltd., Brown's Pharmacy Zebbug Ltd., Brown's Quad Pharmacy Ltd., Brown's Victor Pharmacy Ltd., Brown's SM Pharmacy Ltd, JP Pharma B'Kara Limited, JP Pharma Iklin Limited, JP Pharma Naxxar Limited, JP Pharma San Gwann Limited and JP Pharma St. Julians Limited. The registered address of these companies is Q3, Level 2, Unit 1, Quad Central,Triq L-Esportaturi,Central Business District, Birkirkara,CBD 1020.

15. Investment in financial assets

The Group

a) Financial assets measured at fair value through profit or loss:

	2023	2022
	€	€
Investment in equity instrument (Note i)	**150,000**	-

Note i: Equity instrument is unlisted and such investment is redeemable at par by 9 June 2025 at the discretion of the Group or converted to 25% shares of ordinary share capital. Should the Group not convert into shares, the Group is entitled to a dividend of 8% per annum from the date of issue.

b) Financial assets measured at amortised cost:

	2023	2022
	€	€
Short-term term deposit (Note i)	**-**	1,000,000
Investment in debt instrument (Note ii)	**1,000,000**	-
	1,000,000	1,000,000

Note i: Bank term deposit earned average interest of 2% per annum. This term deposit matured during the year.

Note ii: These related to the allocation of €1,000,000 in secured senior notes of a securitisation cell company, which is secured, subject to an interest of 14.5% per annum and repayable by 23 November 2024. As at year end, the carrying amount approximated to its fair value. These notes are secured through a guarantee by the Group of the securitisation cell company, pledge over the bank account of the securitisation cell company and a pledge over the funding of such notes.

16. Inventories

	The Group	The Group	**The Company**	The Company
	2023	2022	**2023**	2022
	€	€	**€**	€
Goods held for resale	**3,237,621**	2,791,619	**-**	-
Goods in transit	**307,246**	122,172	**-**	-
	3,544,867	2,913,791	**-**	-

17. Trade and other receivables

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Non-current				
Amounts held by Trustee (Note iii)	-	57,460	-	57,460
Amounts due from subsidiary (Note iv)	-	-	13,272,362	14,336,674
	-	57,460	13,272,362	14,394,134
Current				
Trade receivables (Note i)	3,810,805	1,685,243	-	-
Amounts due from Ultimate beneficial owner (Note ii)	90,084	-	-	-
Amounts due from other related parties (Note ii)	210,076	334,118	1,121	-
Amounts due from subsidiary (Note ii)	-	-	100,245	245
Other receivables	253,787	562,467	-	-
Prepayments and accrued income	1,459,697	1,074,085	13,265	16,608
	5,824,449	3,655,913	114,631	16,853

Notes:

i. The average credit period on sales of goods and services made on credit sales is 90 days. Trade receivables disclosed above include amounts that are past due at the end of the reporting year for which the Group has not recognised an allowance in credit quality and the amounts are still considered recoverable.

ii. Amounts due from ultimate beneficial owner, other related parties and subsidiary are unsecured, interest free and are repayable on demand.

iii. Amount held by Trustee related to proceeds from the debt securities in issue held by in a Trust company and were drawn down against the presentation of agreements, requests for payments and/or invoices in accordance with the provisions of the prospectus as noted in Note 22.

iv. Amount due from subsidiary includes a portion of proceeds from the debt security in issue that have been advanced by the Issuer in accordance with the provisions of the prospectus as noted in Note 22. These amounts are unsecured, subject to interest at 3.9% per annum and repayable after more than twelve months from the date of the reporting period.

17. Trade and other receivables – continued

Age of receivables that are past due but not impaired

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
91-120 days	**644,632**	10,883	**-**	-
120-365 days	**671,092**	28,261	**-**	-
365 days +	**31,178**	46,282	**-**	-
Total	**1,346,902**	85,426	**-**	-

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting year and any receipts made after year end. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

18. Share capital

The Group and the Company

	2023 €	2022 €
Authorised		
14,662,916 Ordinary "A" shares of €1 each	**14,662,916**	14,662,916
5,423,270 Ordinary "B" shares of €1 each	**5,423,270**	5,423,270
	20,086,186	20,086,186
Issued and fully paid		
14,662,916 Ordinary "A" shares of €1 each	**14,662,916**	14,662,916
5,423,270 Ordinary "B" shares of €1 each	**5,423,270**	5,423,270
	20,086,186	20,086,186

Class 'A' shares have the right to appoint 1 director who shall have 2.5 votes each in meetings of the Board of Directors. Class 'A' and 'B' share shall, together, be entitled to appoint 4 directors to the Board of Directors of the Group and the Company who shall have 1 vote each in meetings of the Board of Directors. Each holder of 'B' shares shall have the right to appoint 1 director to the Board of Directors of the Group and the Company who shall have 1 vote each in meetings of the Board of Directors. Except as otherwise provided, all ordinary shares irrespective of class, shall rank equally in all respects, including without limitation, equal participation in profits distributed by the Group and the Company and equal rights upon distribution of the Group's and the Company's assets upon its winding up. Each ordinary share shall entitle the holder to 1 vote at each general meeting.

19. Revaluation reserve

The revaluation reserve comprises revaluation surplus/(decrease) on intangible assets used in the production and supply of goods and services, net of deferred tax. The revaluation reserve is not available for distribution to the Group's and the Company's shareholders.

20. Retained earnings

Retained earnings represent accumulated losses or profits. Dividends paid out of retained earnings during the year is disclosed in Note 9.

21. Translation reserve

This is a non-distributable reserve and is arising following the translation of a subsidiary's net assets to the Group's functional currency.

22. Interest-bearing borrowings

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Non-current				
Bank loan	**2,119,500**	-	-	-
Other loan	**100,000**	-	-	-
Debt securities in issue	**12,791,366**	12,763,538	**12,791,366**	12,763,538
Total non-current	**15,010,866**	12,763,538	**12,791,366**	12,763,538
Current				
Other loan	-	100,000	-	-
Bank loan	**185,538**	-	-	-
Total current	**185,538**	100,000	-	-
Total borrowings	**15,196,404**	12,863,538	**12,791,366**	12,763,538

Debt securities in issue

By virtue of a prospectus dated 10 June 2021, Brown's Pharma Holdings plc (the 'Issuer') issued €13,000,000 unsecured bond with a face value of €100 each. The bonds have a coupon interest of 3.9% which is payable annually in arrears on 9 July of each year. The bonds are redeemable at par and are due for redemption between 2027 and 2031, unless they are previously re-purchased and cancelled or redeemed in the case of an Early redemption or a partial conditional early redemption.

The bonds shall constitute the general, direct, unconditional, and unsecured obligations of the Issuer to the Bondholders and shall at all times, rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer, present and future.

The bonds were admitted on the Official List of the Malta Stock Exchange on 15 July 2021. The quoted market price as at 31 December 2023 for the bonds was €96.50 (2022: €98.00).

22. Interest-bearing borrowings – continued

Debt securities in issue – continued

As noted in Note 17, in accordance with the provisions of the prospectus, a portion of the proceeds from the bond issue have been advanced by the Issuer to its subsidiary, whilst the rest of the proceeds are held by a Trustee and will be draw down against the presentation of agreements, requests for payments and/or invoices.

The bond is are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bond, using the effective interest rate as follows:

	The Group and the Company	
	2023	2022
	€	€
Original face value of the bond issued	**13,000,000**	13,000,000
Bond issue costs	**(278,200)**	(278,200)
Accumulated amortisation	**69,566**	41,738
Unamortised bond issue costs	**(208,634)**	(236,462)
Amortised costs and closing carrying amount of the debt securities in issue	**12,791,366**	12,763,538

Other loan

The other loan is unsecured, bears an interest of 8% per annum and is repayable by 31 December 2025 in lump sum payments at the option of the Group.

Bank loan

Bank loan bears an interest of 2.9% per annum over 3 months Euribor and is repayable by March 2033. Such loan is secured through the following:

- General Hypothec of €2,440,000 on subsidiary's presented and/or future assets.
- First general hypothecary guarantee of €2,440,000 by other related party.
- First special hypothecary guarantee of €2,440,000 over properties owned by other related party.
- Subsidiary guarantee by other related party.
- Contracting undertaking to all terms and conditions entered in the lease agreement by the subsidiary.
- Personal guarantee by the Subsidiary's ultimate beneficiary owners.

22. Interest-bearing borrowings - continued

The interest rate profile of the Group's and the Company's interest-bearing borrowings at the end of the reporting periods is analysed below:

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Subject to fixed rates				
Debt securities in issue	**12,791,366**	12,763,538	**12,791,366**	12,763,538
Other loan	**100,000**	100,000	-	-
Total borrowings	**12,891,366**	12,863,538	**12,791,366**	12,763,538
Subject to variable costs				
Bank loan	**2,305,038**	-	-	-

Weighted average effective interest rates during the reporting year:

	The Group 2023 %	The Group 2022 %	**The Company 2023 %**	The Company 2022 %
Bank loan	**6.75**	-	-	-
Other loan	**8**	8	-	-

As at 31 December 2023, one of the subsidiary of the Group, Brown's Pharma Limited, had unutilised credit facility of €250,000 (2022: €250,000) which are subject to an interest rate of 2.90% over 3-month Euribor (2022: 4.95% over 3-month Euribor) and secured as follows:

a) First general hypothec for €100,000 over all the subsidiary's present and future assets
b) First general hypothec guarantee for €100,000 over the present and future assets of an other related party.
c) First special hypothec guarantee for €100,000 over properties held by other related party.
d) Company guarantee by other related party
e) Joint and several guarantee by two of the ultimate beneficiary owners
f) Pledge over business insurance over Mosta and Qormi Pharmacy
g) Pledge over building insurance over property leased by other related party

23. Lease Liabilities

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Maturity Analysis				
Year 1	**561,892**	509,228	-	-
Year 2	**564,215**	536,112	-	-
Year 3	**526,957**	540,523	-	-
Year 4	**566,487**	500,680	-	-
Year 5	**541,484**	552,020	-	-
Onwards	**7,271,578**	7,325,595	-	-
	10,032,613	9,964,158	-	-
Analysed as:				
Non-current	**9,470,721**	9,454,930	-	-
Current	**561,892**	509,228	-	-
	10,032,613	9,964,158	-	-

24. Deferred taxation

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
At beginning of year	**13,880,043**	12,472,900	-	-
Charged to the consolidated profit or loss (Note 8)	**771,731**	725,674	-	-
Charged to the consolidated other comprehensive income	-	681,469	-	-
Effect of foreign exchange	**11,131**	-	-	
At end of year	**14,662,905**	13,880,043	-	-

Deferred tax is analysed as follows:

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Net deferred tax liability at:				
Fair value movement on pharmacy licenses	**13,211,304**	13,211,304	-	-
Temporary difference on intangible assets	**1,470,000**	735,000	-	-
Excess of capital allowances over accumulated depreciation	**(18,399)**	(66,261)	-	-
	14,662,905	13,880,043	-	-

25. Trade and other payables

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Current				
Trade payables	**7,167,604**	5,584,997	**-**	-
Amounts due to ultimate parent companies (Note)	**499,869**	717,018	**594,073**	1,393,291
Amounts due to other related parties (Note)	**784,981**	567,730	**-**	1,200
Other payables and indirect tax	**1,124,582**	1,020,916	**-**	-
Accruals	**616,064**	679,215	**286,714**	276,579
	10,193,100	8,569,876	**880,787**	1,671,070

Note:
Amounts due to other related parties and ultimate parent companies are unsecured, interest free and repayable on demand.

26. Current taxation

Income tax payable is made up as follows:

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Balance at 1 January	**270,450**	(674,475)	**-**	-
Current tax charge for the year (Note 8)	**(487,163)**	(509,238)	**(774,533)**	(1,399,360)
Settlement tax paid	**-**	673,513	**-**	-
Tax refund received	**(272,612)**	-	**-**	-
Provisional tax paid	**661,280**	769,482	**-**	-
Tax credit utilised	**-**	9,837	**-**	-
Over provision of prior year tax (Note 8)	**-**	1,200	**-**	-
Tax paid at source	**2,454**	131	**774,533**	1,399,360
Balance at 31 December	**174,409**	270,450	**-**	-

27. Cash generated from/(used in) operations

Reconciliation of operating profit/(loss) to cash generated from/(used in) operations:

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Operating profit/(loss)	**3,913,566**	4,417,286	**(38,816)**	(7,924)
Adjustments for:				
Depreciation of property, plant and equipment (Note 11)	**454,783**	382,684	**-**	-
Depreciation of right-of-use assets (Note 13)	**790,727**	687,065	**-**	-
Amortisation of intangible assets (Note 10)	**93,093**	78,120	**-**	-
Tax credit utilised (Note 26)	**-**	(9,837)	**-**	-
Release upon termination of right of use asset	**(6,086)**	-	**-**	-
Changes in working capital:				
Inventories	**(631,076)**	(400,010)	**-**	-
Trade and other receivables	**(1,896,223)**	(539,966)	**3,343**	(2,516)
Trade and other payables	**1,580,058**	2,194,099	**10,135**	3,415
Working capital acquired upon acquisition of subsidiary	**(372,562)**	-	**-**	-
Cash generated from/(used in) operations	**3,926,280**	6,809,441	**(25,338)**	(7,025)

Non-cash transaction

The Group's principal non-cash transaction during the year ended 31 December 2023, related to dividends declared but not paid in the current year amounting to €650,321 (2022: €1,482,120), write-off of other payables amounting to €113,805 (2022: €Nil) and to finance costs – lease liability amounting to €554,647 (2022: €519,236). These have been recorded as amounts due to ultimate parent companies, other payables and finance costs respectively.

28. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, the cash and cash equivalents at the end of the year comprise the following:

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Cash at bank and in hand	**2,904,803**	2,531,457	**285,157**	23,619

29. Related party transactions

Year-end balances due from or to other related parties, from subsidiaries, from ultimate beneficial owner, due to ultimate parent companies are disclosed in notes 17 and 25 to these consolidated and separate financial statements.

The Group and the Company also entered into related party transactions on an arm's length basis with its subsidiaries. Transactions between the Group have been eliminated on consolidation. Transactions with related parties are also made on an arm's length basis.

The following transactions were carried out with related parties:

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
(a) Rental charge				
Other related party	**459,149**	478,251	**-**	-
(b) Purchase of stock				
Other related party	**2,299,868**	2,162,825	**-**	-
(c) Other income				
Subsidiary	**-**	-	**88,257**	160,711
(d) Dividend receivable				
Subsidiary	**-**	-	**2,212,951**	3,998,171
(e) Interest income				
Subsidiary	**-**	-	**505,539**	482,569
(f) Amounts due from subsidiary (Non-current)				
Beginning of the year	**-**	-	**14,336,674**	9,370,275
Dividend receivable net of tax	**-**	-	**1,438,418**	2,598,811
Disbursement of expenses	**-**	-	**88,257**	160,711
Interest charged	**-**	-	**505,539**	482,569
Debt securities in issue proceeds transferred to subsidiary	**-**	-	**57,340**	3,935,000
Payments made on behalf of the Company	**-**	-	**(507,006)**	(2,210,692)
Advances during the year	**-**	-	**(2,646,860)**	-
	-	-	**13,272,362**	14,336,674

29. Related party transactions – continued

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
(g) Amounts due from other related parties				
Beginning of the year	**334,118**	56,029	-	-
Transfer from amounts due to other related parties	**(79,111)**	-	-	-
Payments made on behalf of the other related parties	**27,038**	20,282	**1,121**	-
Advances made during the year	**727,635**	-	-	-
Eliminated upon consolidation	**(257,808)**	257,807	-	-
Rental charge	**(541,796)**	-	-	-
	210,076	**334,118**	**1,121**	-
(h) Amounts due from ultimate parent companies				
Beginning of the year	-	5,776	-	5,776
Transfer to amounts due from shareholder	-	(5,776)	-	(5,776)
	-	-	-	-
(i) Amounts due from subsidiary (Current)				
Beginning of the year	-	-	**245**	-
Incorporation of new subsidiary	-	-	-	(1,200)
Payments made on behalf of the subsidiary	-	-	**100,000**	1,445
	-	-	**100,245**	245
(j) Amounts due from ultimate beneficial owner				
Payments made on behalf of the ultimate beneficial owner	**90,084**	-	-	-

29. Related party transactions – continued

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
(k) Amounts due to other related parties				
Beginning of the year	**(567,730)**	(676,215)	**(1,200)**	-
Rental Charge	**-**	(564,336)		-
Purchase of stock made during the year	**(2,713,844)**	(2,552,134)	**-**	-
Repayments made during the year	**2,415,436**	3,226,155	**1,200**	-
Transfer to amounts due from other related parties	**79,111**	-	**-**	-
Other movements during the year	**2,046**	(1,200)	**-**	(1,200)
	(784,981)	(567,730)	**-**	(1,200)
(l) Amounts due to ultimate parent companies				
Beginning of the year	**(717,018)**	(377,874)	**(1,393,291)**	(377,874)
Transfer from amounts due to shareholders	**-**	5,776	**-**	5,776
Dividend declared	**(1,370,321)**	(2,531,242)	**(1,370,321)**	(2,531,242)
Payments made during the year	**2,729,522**	2,186,322	**2,169,539**	1,510,049
Payments received during the year	**(1,142,052)**	-	**-**	-
	(499,869)	(717,018)	**(594,073)**	(1,393,291)

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in Note 3. Dividends paid to ultimate parent companies have been disclosed in Note 9.

30. Financial risk management

Overview

The Group and the Company has an exposure to the following risks arising from the use of financial instruments within its activities:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's and the Company's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Group's and the Company's management of capital. Further quantitative disclosures are included in these consolidated and separate financial statements.

The responsibility for the management of risk is vested in the Board of Directors. Accordingly, it is the Board of Directors who have the overall responsibility for establishing an appropriate risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group and the Company's trade and other receivables and cash and cash equivalents held at banks. The carrying amounts of financial assets represent the maximum credit exposure.

The Group assesses the credit quality of its customers by taking into account their financial standing, past experience, any payments made post reporting date and other factors, such as bank references and the customers' financial position.

Management is responsible for the quality of the Group's credit portfolios and has established credit processes involving delegated approval authorities and credit procedures, the objective of which is to build and maintain assets of high quality.

The Group's and the Company's policy is to deal only with credit worthy counterparties. The credit terms are generally 90 days. The Group regularly review the ageing analysis together with the credit limits per customer.

30. Financial risk management – continued

Credit risk – *continued*

Trade and other receivables

The level of credit risk is minimum as the majority of the Group's clients are paid in cash upon the delivery of services or goods sold.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Management considers the probability of default from such trade receivables to be not material. More than 35% of trade receivables that exceeded the 90 days credit term has been received after reporting period date. In view of this, the amount calculated using the 12-month expected credit loss model is considered to be very insignificant. Therefore, based on the above, no loss allowance has been recognized by the Group.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments for a period of greater than a year past due.

The ageing analysis of trade receivables have been disclosed in Note 17.

The Group's and the Company's concentration to credit risk arising from other receivables, that comprise amounts due from ultimate beneficial owner, ultimate parent companies, other related parties and from subsidiary, are considered limited as there were no indications that these counterparties are unable to meet their obligations. Management considers these counterparties to be of a good credit quality. Furthermore, management does not consider these counterparties to have deteriorated in credit quality and the effect of management's estimate of the 12-month credit loss has been determined to be insignificant to the results of the Group and the Company.

Cash and cash equivalents

The cash and cash equivalents held with banks as at 31 December 2023 and 2022 are callable on demand and held with local financial institutions with high quality standing or rating. Management considers the probability of default from such banks to be insignificant. Therefore, based on the above, no loss allowance has been recognized by the Group and the Company.

30. Financial risk management – continued

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Generally, the Group and the Company ensures that it has sufficient cash on demand to meet expected operational expenditure, including the servicing of financial obligations.

The table below analyses the Group and the Company's financial liabilities into relevant maturity grouping based on the remaining period at the end of the reporting year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows with respect to the debt securities in issue.

The Group

As at 31 December 2023	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €	Carrying amount €
Interest-bearing borrowings	692,538	805,674	2,205,471	16,264,355	19,968,038	15,168,576
Trade and other payables	10,193,100	-	-	-	10,193,100	10,193,100
	10,885,638	**805,674**	**2,205,471**	**16,264,355**	**30,161,138**	**25,361,676**

As at 31 December 2022	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €	Carrying amount €
Interest-bearing borrowings	607,000	507,000	1,521,000	15,028,000	17,663,000	12,863,538
Trade and other payables	8,569,876	-	-	-	8,569,876	8,569,876
	9,176,876	**507,000**	**1,521,000**	**15,028,000**	**26,232,876**	**21,433,414**

30. Financial risk management – continued

***Liquidity risk** – continued*

The Company

As at 31 December 2023	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €	Carrying amount €
Interest-bearing borrowings	507,000	507,000	1,521,000	15,028,000	17,563,000	12,763,538
Trade and other payables	880,787	-	-	-	880,787	880,787
	1,387,787	**507,000**	**1,521,000**	**15,028,000**	**18,443,787**	**16,644,325**

As at 31 December 2022	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €	Carrying amount €
Interest-bearing borrowings	507,000	507,000	1,521,000	15,028,000	17,563,000	12,763,538
Trade and other payables	1,671,070	-	-	-	1,671,070	1,671,070
	2,178,070	**507,000**	**1,521,000**	**15,028,000**	**19,234,070**	**14,434,608**

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, will affect the fair value or future cash flows of a financial instrument. The objective of market risk is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective Group's and the Company's functional currency. The Group and the Company is not exposed to significant foreign exchange risk arising from the Group's and Company's financing transactions as assets and liabilities are principally denominated in euro and the Group and the Company is not exposed to foreign exchange risk arising on trading transactions as these are principally conducted in Euro.

The Group's and the Company's cash and cash equivalents, borrowings, trade and other receivables, finance lease and payables are denominated in Euro. Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

30. Financial risk management – continued

Market risk **–** continued

ii) Cash flow and fair value interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest rate risk arises from borrowings.

Borrowings issued at variable rates, comprising short-term bank borrowings (refer to Note 22), expose the Group and the Company to cash flow interest rate risk. Certain Group's and Company's borrowings are subject to an interest rate that varies according to revisions made to the Bank's base rate.

Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on. Interest rates on these financial instruments are linked with the Central Intervention Rate issued by the European Central Bank. Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. Up to the end of the reporting period, the Group and the Company did not have any hedging arrangements with respect to the exposure of floating interest rate risk.

The Group and the Company has considerable bank borrowings issued at fixed rates (Note 22). These bank loans do not expose the Group and the Company to cash flow interest rate risk.

Capital management

It is the policy of the Board of Directors to maintain an adequate capital base in order to sustain the future development of the business and safeguard the ability of the Group and the Company to continue as a going concern. In this respect, the Board of Directors monitor the operations and results of the Group and the Company, and also monitor the level of dividends, if any, payable to the ordinary shareholders.

The Group and the Company is not subject to externally imposed capital requirements.

There were no changes in the Group and the Company's approach to capital management during the year.

Fair values

At 31 December 2023 and 2022 the carrying amounts of cash at bank, receivables, payables and accrued expenses and short-term borrowings reflected in the financial statements are reasonable estimates of fair value. The fair values of loans and long-term borrowings are not materially different from their carrying amounts.

31. Guarantees

One of the Group's subsidiary, Brown's Pharma Limited, stands as a joint and several surety with a related party in favour of a local bank for the repayment of the loan facilities granted to the related party, its payment of interest accrued thereon and the faithful performance and observance of all the obligations undertaken by the said related party.

32. Statutory information

Brown's Pharma Holdings plc is a public limited company and is registered in Malta.

As at 31 December 2023, the ownership of Brown's Pharma Holdings plc is ultimately shared between 13i Limited, N&N Investments Limited, Elka Investments Limited and JLMX Investments Limited. The ownership of such Company's share capital and voting rights related to such holding are such that no particular individual or identifiable group may be deemed to exercise control over the Company.

33. Events after the reporting period

There were no adjusting or significant non-adjusting events that have occurred between the end of the reporting year and at the date of authorisation by the Board of Directors.

Independent Auditor's Report

To the Members of BROWN'S PHARMA HOLDINGS PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Brown's Pharma Holdings plc (the "Company") and its subsidiaries (collectively the "Group"), set out on pages 12 to 70, which comprise the consolidated and separate statement of financial position as at 31 December 2023, the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2023, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying consolidated and separate financial statements.

Key Audit Matters – continued

(i) Intangible assets – Pharmacy licences

Included of the Group's intangible assets is the revaluation of pharmacy licences purchased and operated by the Group, which is being further described in Note 1 Accounting policies - Section h and Note 10 of the consolidated and separate financial statements. This represents 63% of the total assets of the Group as at 31 December 2023.

Management assess the fair value of its pharmacy licences on a periodical basis. The fair value of these licences is calculated on market-based valuation techniques by revaluing the acquisition price to pre-takeover turnover using the most recent prices paid for the acquisition of the new licences by the Group.

The valuation of such licences at its fair value is highly dependent on estimates and assumptions made by management. We have considered the valuation of the intangible assets as a key audit matter in view of the subjectivity surrounding the judgement applied and our audit focus on this area.

We gained understanding of the design and implementation of key controls over the Group's valuation process by inquiring with the process owners. We have also gained understanding on the Group's valuation methodology and assumptions used in estimating the fair value of the intangible assets as at the reporting date. As part of our procedures, we have analysed the key assumptions used by comparing to independent sources, market data and condition and assessing the completeness, relevance and accuracy of the revenue values underlying the model with the audited revenue figures per pharmacy. No issues were identified.

(ii) Investments in subsidiaries

The Company holds shares in Brown's Pharma Limited, Brown's Pharma IP Limited, Mediva Pharma Limited and JP Pharma Holdings Limited as further explained in Note 1 Accounting policies - Section k and Note 14 of the separate financial statements. This represents 59% of the total assets of the Company as at 31 December 2023.

During the year ended 31 December 2023, management carried out an assessment to establish whether the carrying amount of the investments in subsidiaries in the separate financial statements at 31 December 2023 is impaired. We focused on this area because of the significance of the investments in subsidiaries at 31 December 2023. Moreover, the Board of Directors' assessment process is complex and highly judgemental and is based on assumptions, such as forecasted growth rates and profit margin which are driven by expected future market or economic conditions.

We evaluated the suitability and appropriateness of the impairment methodology applied by management to assess the reliability of the Board of Directors' forecasts and to challenge the methodology used and the underlying assumptions. We concluded that the parameters utilised were reasonable. We also assessed the adequacy of the disclosures made in the separate financial statements related to investments in subsidiaries including those concerning the key assumptions used in assessing it carrying amount. Those disclosures specifically explain that the Board of Directors have assessed the carrying amount of investments as at 31 December 2023 and concluded that no provision for impairment of investments in subsidiaries was required.

Other Information

The Board of Directors are responsible for the other information. The other information comprises the Directors' Report and the corporate governance – statement of compliance. Our opinion on the consolidated and separate financial statements does not cover this information, including the Directors' report and the corporate government – statement of compliance. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the Directors' report for the financial year for which the consolidated and separate financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' Report. We have nothing to report in this regard.

With respect to the Corporate Governance – Statement of Compliance, the Capital Market Rules issued by the Malta Listing Authority require the Board of Directors to prepare and include in the Annual Report, the Corporate Governance - Statement of Compliance within Appendix 5.1 to Chapter 5 of the Capital Market Rules. The Statement's required minimum contents are determined by reference to Capital Market Rule 5.97. The Statement provides explanation as to how the Group has complied with the provisions of the Code, presenting the extent to which the Group has adopted the Code and the effective measures that the Board has taken to ensure compliance throughout the accounting period with those Principles.

We are required to report on the Corporate Governance - Statement of Compliance by expressing an opinion as to whether, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have identified any material misstatements with respect to the information referred to in Capital Market Rules 5.97.4 and 5.97.5, giving an indication of the nature of any such misstatement.

We are also required to assess whether the Corporate Governance - Statement of Compliance includes all the other information required to be presented as per Capital Market Rule 5.97.

We are not required to, and we do not consider whether the Board's statements on internal control included in the Corporate Governance - Statement of Compliance cover all risks and controls or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

In our opinion, the Corporate Governance - Statement of Compliance has been properly prepared in accordance with the requirements of the Capital Market Rules issued by the Malta Listing Authority.

Responsibilities of the Board of Directors

The Board of Directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with EU IFRSs, and for such internal control as the Board of Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Board of Directors – continued

In preparing the consolidated and separate financial statements, the Board of Directors are responsible for assessing the Group's and 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 Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements – continued

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the Annual Financial Report of Brown's Pharma Holdings plc. for the year ended 31 December 2023, entirely prepared in a single electronic reporting format.

Responsibilities of the Board of Directors

The Board of Directors are responsible for the preparation of the Annual Financial Report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tagging therein, comply in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the Group's financial reporting process, including the preparation of the Annual Financial Report, in accordance with the requirements of the ESEF RTS.
- Obtaining the Annual Financial Report and performing validations to determine whether the Annual Financial Report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Annual Financial Report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

Report on Other Legal and Regulatory Requirements – continued

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6 – continued

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

Opinion

In our opinion, the Annual Financial Report for the year ended 31 December 2023 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Report on the Statement of Compliance with the Principles of Good Corporate Governance

The Capital Market Rules issued by the Malta Listing Authority (the "Capital Market Rules") require the Board of Directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Capital Market Rules also require us, as the auditor of the Group, to include a report on the Statement of Compliance prepared by the Board of Directors.

We read the Corporate Governance - Statement of Compliance with the Code of Principles of Good Corporate Governance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

Our responsibilities and opinion over the Corporate Governance - Statement of Compliance is disclosed the Other Information section of our report.

Other reporting requirements

Under the Maltese Companies Act (Cap. 386) 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.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The consolidated and separate financial statements are not in agreement with the accounting records and returns.

We have nothing to report to you in respect of these responsibilities.

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Group's and the Company's members as a body in accordance with Article 179 of the Maltese Companies Act (Cap. 386) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Independent Auditor's Report – continued

Appointment

This is the third year that we were appointed as auditors of the Group and the Company with effect from 17 January 2022. Our total period of uninterrupted engagement appointment is 3 years. The Company became listed on a regulated market on 15 July 2021.

Non-audit services

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Group and the Company are in accordance with the applicable law and regulations in Malta and we have not provided non-audit services that are prohibited under Article 18A(1) of the Accountancy Profession Act, Cap. 281 of the Laws of Malta were provided by us to the Group and the Company. We remain independent of the Group and the Company as described in the Basis for Opinion section of our report. No other services besides statutory audit services and services disclosed in the annual report and in the consolidated and separate financial statements were provided by us to the Group and the Company and its controlled undertakings.

DBond

Donatella Bondin
Director

For and on behalf of
Equis Assurance Limited
Certified Public Accountants

NOUV
MRO Frank Galea Road
Zebbug ZBG 9019
Malta

24 April 2024

Detailed Results

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Income Statement

	Year ended 31 December			
	The Group	The Group	**The Company**	The Company
	2023	2022	**2023**	2022
	€	€	**€**	€
Revenue	**38,343,467**	32,926,679	**-**	-
Cost of Sales (page 80)	**(24,703,481)**	(20,822,696)	**-**	-
Gross profit	**13,639,986**	12,103,983	**-**	-
Administrative expenses (page 81)	**(9,128,417)**	(7,006,303)	**(127,073)**	(168,635)
Selling and distribution expenses (Page 82)	**(733,907)**	(782,319)	**-**	-
Other income (Page 82)	**135,904**	101,925	**88,257**	160,711
Operating profit/(loss)	**3,913,566**	4,417,286	**(38,816)**	(7,924)
Investment income (Page 82)	**16,358**	873	**2,718,490**	4,480,740
Finance costs (Page 82)	**(1,214,119)**	(1,069,450)	**(534,820)**	(542,214)
Write-off of other payables	**113,805**	-	**-**	-
Profit before income tax	**2,829,610**	3,348,709	**2,144,854**	3,930,602

Cost of Sales

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Opening inventories	**2,913,791**	2,513,781	**-**	-
Purchases	**25,334,557**	21,222,706	**-**	-
	28,248,348	23,736,487	**-**	-
Closing inventories	**(3,544,867)**	(2,913,791)	**-**	-
Cost of sales (page 79)	**24,703,481**	20,822,696	**-**	-

Administrative expenses

	The Group 2023 €	The Group 2022 €	The Company 2023 €	The Company 2022 €
Amortisation charge	**93,093**	78,120	**-**	-
Auditor's remuneration	**68,890**	56,643	**35,105**	22,225
Bad debts	**2,333**	-	**-**	-
Bank charges	**162,033**	124,978	**271**	-
Cleaning and sanitation	**94,080**	67,873	**-**	1,064
Commission payable	**69,439**	26,063	**-**	-
Computer support and maintenance	**32,271**	17,684	**-**	-
Depreciation of property, plant and equipment	**454,783**	382,684	**-**	-
Depreciation of right of use of asset	**790,727**	687,065	**-**	-
Directors' remuneration	**193,841**	149,123	**-**	-
Distribution and carriage	**111,613**	2,682	**49,800**	46,801
Donations	**51,825**	23,000	**-**	-
Entertainment	**82,246**	68,429	**-**	-
Fines and penalties	**6,662**	350	**-**	-
HR costs	**58,497**	22,962	**-**	-
Insurance	**166,852**	144,354	**-**	-
Licences and registration	**4,800**	4,673	**-**	-
Miscellaneous expenses	**144,712**	108,209	**-**	-
Office stationery and postage	**21,961**	34,990	**-**	14,610
Other bond issuance costs	**-**	3,502	**-**	873
Pharmacy expenses	**99,408**	81,620	**8**	3,504
Professional fees	**242,863**	206,283	**-**	-
Realised differences on exchange	**2,037**	1,532	**37,242**	70,921
Registration fee	**4,635**	9,183	**-**	-
Rent payable	**232,155**	158,744	**1,214**	1,050
Repairs and maintenance	**55,267**	40,600	**-**	-
Staff training and welfare	**24,614**	17,355	**-**	-
Subscriptions	**129,470**	56,618	**-**	4,154
Subcontracting costs	**120,112**	104,017	**-**	-
Telecommunications	**46,405**	33,128	**3,433**	3,433
Travelling	**16,908**	645	**-**	-
Wages and salaries	**5,426,568**	4,220,222	**-**	-
Water and electricity	**117,317**	72,972	**-**	-
Total administrative expenses (page 79)	**9,128,417**	7,006,303	**127,073**	168,635

Selling and distribution expenses

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Advertising and promotional	**718,724**	775,989	**-**	-
Motor vehicle running expenses	**15,183**	6,330	**-**	-
Total selling and distribution expenses (page 79)	**733,907**	782,319	**-**	-

Other income

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Other income	**121,797**	91,588	**-**	-
Tax credit utilised	**-**	9,837	**-**	-
Disbursement of expenditure	**-**	-	**88,257**	160,711
Reimbursement of salaries	**8,021**	500	**-**	-
Release upon termination charge of leases	**6,086**	-	**-**	-
Write-off of other payables	**113,805**	-	**-**	-
Total other income (page 79) **Total other income** (page 41)	**249,709**	101,925	**88,257**	160,711

Investment income

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Dividend receivable	**-**	-	**2,212,951**	3,998,171
Interest receivable on amount due from subsidiary	**-**	-	**505,539**	482,569
Interest receivable on bank balances	16,358	873	**-**	-
Total investment income (page 79) **Total other income** (page 41)	**16,358**	873	**2,718,490**	4,480,740

Finance costs

	The Group 2023 €	The Group 2022 €	**The Company 2023 €**	The Company 2022 €
Interest payable on debt security in issue	**507,000**	514,394	**507,000**	514,394
Amortisation of debt security in issue costs	**27,820**	27,820	**27,820**	27,820
Interest payable on bank loans	**116,652**	-	**-**	-
Interest payable on third party loan	**8,000**	8,000	**-**	-
Finance cost – lease liability	**554,647**	519,236	**-**	-
Total finance costs (page 79)	**1,214,119**	1,069,450	**534,820**	542,214