

Company Registration Number: C95118

**BROWN'S PHARMA HOLDINGS PLC**  
**Annual Report and Consolidated Financial Statements**  
**31 December 2024**

BROWN'S PHARMA HOLDINGS PLC  
Annual Report and Consolidated Financial Statements - 31 December 2024

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## 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 2024.

### Principal activities

The Company's principal activity is to hold shares in three subsidiary companies registered in Malta, Brown's Pharma Limited, Brown's Pharma IP Limited, JP Pharma Retail Holdings Limited and another subsidiary company registered in the United Kingdom, Mediva Pharma Limited. Brown's Pharma Limited operates retail pharmacy outlets 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 subsidiaries are the legal holders of the pharmacy licences. 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 their trading operations during the year and have reported positive results. The consolidated and separate statement of profit or loss and other comprehensive income is set out on page 12.

In 2024, the Group's revenue increased by 31% (2023: 16%) when compared to the previous financial year. This growth was driven by the organic expansion of its existing retail operations, the acquisition and operation of three new pharmacy licences, and a significant increase in revenue of Mediva Pharma Limited due to an expanding customer base. Similarly, total operating expenditure rose by 32% (2023: 21%) to €45,772,023 (2023: €34,565,805), in line with the corresponding increase in revenue.

The Group's total assets increased to €99,723,542 (2023: €76,271,437), a significant portion of which relates to the Group's pharmacy licences, which form part of the Group's intangible assets. As at 31 December 2024, these licences were valued at €67,863,477 (2023: €46,048,296) following the acquisition of four (2023: one) pharmacy licences during the year, and the revaluation made by management at year end. This revaluation resulted in a gain of €16,893,181 (2023: €Nil), which was recognised in the consolidated other comprehensive income. The acquisition of the new pharmacy licenses was financed through bank loans, leading to an increase in total interest-bearing borrowings from €15,196,404 in 2023 to €17,815,948 in 2024.

During the year ended 31 December 2024, the Company generated a profit before tax of €2,769,231 (2023: €2,144,854). The increase was mainly due to an increase 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 expects that the present level of activity will improve in the foreseeable future.

As at 31 December 2024, the Board of Directors has proposed an interim gross dividend of €2,769,231 (2023: €1,153,846) and no final gross dividend (2023: €1,059,105) to the ordinary shareholders. These dividends are declared out of taxable profits resulting in a total net dividend to the ordinary shareholders of €1,800,000 (2023: €1,370,321) equivalent to €0.09 (2023: €0.07) per share.

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## **Directors' Report – continued**

### **Events after the reporting date**

As noted in Note 32 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 2024 and as at the date of this report are:

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

In accordance with the Company's Articles of Association, the Board members are eligible for re-appointment at the Annual General Meeting every year. However, all Directors should retire from the 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;

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## **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 2024 are included in the Annual Report 2024 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 2024 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*

#### Going Concern

The Board of Directors, as required by Capital Market Rule 5.62, have considered the Group's and the Company's operational performance, the statement of financial position as at year end as well as the business plan 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 financial statements, the Group and the Company are in a position to continue operating as a going concern for the foreseeable future.

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## Directors' Report – continued

### Disclosures in terms of the Capital Market Rules – continued

*Pursuant to the Capital Market Rule 5.64*

#### Share Capital Structure

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. There are no shares admitted to trading on a regulated market in Malta or any EU member state. Class 'A' shareholders have the right to appoint one (1) director who shall have two point five (2.5) votes each in meetings of the Board of Directors. Class 'A' and 'B' shareholders shall, together, be entitled to appoint four (4) directors to the Board of the Company who shall have one (1) vote each in Board meetings. Each holder of 'B' shares shall have the right to appoint one (1) director to the Board of Directors of the Company who shall have one (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 Company and equal rights upon distribution of the Company's assets upon its winding up. Each ordinary share shall entitle the holder to one (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 2024, 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 authorised 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 authorised 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 2024, information required under Capital Market Rules 5.64.2, 5.64.4, 5.64.5, 5.64.6, 5.64.7 and 5.64.10 are not applicable to the Company.

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**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 2024, 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 performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that they face.

*Pursuant to the Capital Market Rule 5.70.1*

There were no material contracts to which the Group and the Company, was a party, and in which anyone of the Company's Directors was directly or indirectly interested.

*Pursuant to the Capital Market Rule 5.70.2*

The Company secretary is Mr. Jean Carl Farrugia.

**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.

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**Directors' Report – continued**

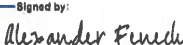
**Auditor**

The auditor, Equis Assurance Limited, has intimated its willingness to continue in office and a resolution to reappoint it 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 I-Esportaturi, Central Business District, Birkirkara, CBD1020, Malta.

Signed on behalf of the Group's and the Company's Board of Directors on 28 April 2025

Signed by:  
  
Alexander Fenech  
Director

DocuSigned by:  
  
Benjamin Muscat  
Director

DocuSigned by:  
  
Paul Camilleri  
Director



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## 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, except for Mark Grech who was appointed on 18<sup>th</sup> January 2021 and David Camilleri who was appointed on 1<sup>st</sup> August 2023. All Board members are eligible for re-appointment at the Annual General Meeting every year. However, all Directors should retire from the office, at least, once every three (3) years but shall be eligible for re-election.

### Executive Director

Mr. Alexander Fenech (Retail Director)

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## **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.

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## Corporate Governance - Statement of Compliance – continued

### Directors' Attendance at Board Meetings – continued

The Board met formally four times during the year under review. The number of board meetings attended by Directors for the year ended 31 December 2024 is as follows:

Member	Attended
Mr. Alexander Fenech	4
Mr. Benjamin Muscat	4
Mr. David Camilleri	4
Mr. Joseph Caruana	4
Mr. Jean-Pierre Miceli	4
Mr. Mark Grech	4
Mr. Paul Camilleri	4
Mr. Robert Spiteri	3

### 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, Phoenicia Finance Company plc and the Company.

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.

The Committee met formally seven times during the year to 31 December 2024.

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.

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## 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 €176,174 (2023: €193,841) in aggregate for services rendered to the Group during 2024, whilst the Board of Directors of the Company received €54,000 (2023: €49,800) in aggregate for services rendered to the Company during 2024.


### 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, the Code, and internal code of dealing.

Signed on behalf of the Group's and the Company's Board of Directors on 28 April 2025

Signed by:  
  
Alexander Fenech  
Director

DocuSigned by:  
  
0A3D82BBF0E84DA  
Benjamin Muscat  
Director

DocuSigned by:  
  
F150D6705C648D  
Paul Camilleri  
Director

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Year ended 31 December			
	Notes	The Group 2024 €	The Group 2023 €	The Company 2024 €	The Company 2023 €
Revenue	2	50,059,224	38,343,467	-	-
Cost of sales	3	(33,883,748)	(24,703,481)	-	-
<b>Gross profit</b>		<b>16,175,476</b>	<b>13,639,986</b>	<b>-</b>	<b>-</b>
Administrative expenses	3	(10,937,222)	(9,128,417)	(130,205)	(127,073)
Selling and distribution expenses	3	(951,053)	(733,907)	-	-
Other income	6	343,982	249,709	175,651	88,257
<b>Operating profit/(loss)</b>		<b>4,631,183</b>	<b>4,027,371</b>	<b>45,446</b>	<b>(38,816)</b>
Finance income	5	145,833	16,358	3,258,605	2,718,490
Finance costs	7	(1,433,371)	(1,214,119)	(534,820)	(534,820)
<b>Profit before income tax</b>		<b>3,343,645</b>	<b>2,829,610</b>	<b>2,769,231</b>	<b>2,144,854</b>
Income tax	8	(1,135,592)	(1,258,894)	(969,231)	(774,533)
<b>Profit for the year – attributable to the owners of the Company</b>		<b>2,208,053</b>	<b>1,570,716</b>	<b>1,800,000</b>	<b>1,370,321</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Revaluation gain on intangible assets	10	16,893,181	-	-	-
Deferred tax relating to items that will not be reclassified subsequently to profit or loss	8	(5,912,613)	-	-	-
<b>Other comprehensive income for the financial year, net of deferred tax</b>		<b>10,980,568</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the financial year – attributable to the owners of the Company</b>		<b>13,188,621</b>	<b>1,570,716</b>	<b>1,800,000</b>	<b>1,370,321</b>

The accounting policies and explanatory notes on pages 20 to 74 form an integral part of the consolidated and separate financial statements.



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## Consolidated Statement of Financial Position

		As at 31 December			
	Notes	The Group 2024 €	The Group 2023 € (restated)	The Company 2024 €	The Company 2023 €
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	10	68,154,579	46,204,705	-	-
Goodwill	12	3,945,451	3,945,451	-	-
Property, plant and equipment	11	3,094,789	2,838,201	-	-
Right-of-use assets	13	10,339,548	9,684,552	-	-
Investments in subsidiaries	14	-	-	20,086,189	20,086,189
Trade and other receivables	17	-	-	12,612,546	13,272,362
Investments in financial assets	15	-	150,000	-	-
Deferred tax asset	24	378,264	-	-	-
<b>Total non-current assets</b>		<b>85,912,631</b>	<b>62,822,909</b>	<b>32,698,735</b>	<b>33,358,551</b>
<b>Current assets</b>					
Investments in financial assets	15	1,150,054	1,000,000	-	-
Inventories	16	4,187,305	3,544,867	-	-
Trade and other receivables	17	5,817,606	5,824,449	161,288	114,631
Current tax asset	26	95,051	174,409	-	-
Cash and cash equivalents	28	2,560,895	2,904,803	580,373	285,157
<b>Total current assets</b>		<b>13,810,911</b>	<b>13,448,528</b>	<b>741,661</b>	<b>399,788</b>
<b>Total assets</b>		<b>99,723,542</b>	<b>76,271,437</b>	<b>33,440,396</b>	<b>33,758,339</b>

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**Consolidated Statement of Financial Position – continued**

		As at 31 December			
	Notes	The Group 2024 €	The Group 2023 € (restated)	The Company 2024 €	The Company 2023 €
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Issued share capital	18	20,086,186	20,086,186	20,086,186	20,086,186
Retained earnings	20	1,251,155	843,102	-	-
Revaluation reserve	19	16,849,871	5,869,303	-	-
Translation reserve	21	(23,107)	(4,198)	-	-
<b>Total equity attributable to equity holders of the parent</b>		<b>38,164,105</b>	<b>26,794,393</b>	<b>20,086,186</b>	<b>20,086,186</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Interest-bearing borrowings	22	17,285,874	15,010,866	12,819,194	12,791,366
Deferred taxation	24	20,716,036	14,054,927	-	-
Lease liabilities	23	10,238,166	9,470,721	-	-
<b>Total non-current liabilities</b>		<b>48,240,076</b>	<b>38,536,514</b>	<b>12,819,194</b>	<b>12,791,366</b>
<b>Current liabilities</b>					
Interest-bearing borrowings	22	530,074	185,538	-	-
Trade and other payables	25	12,114,074	10,193,100	535,016	880,787
Lease liabilities	23	675,213	561,892	-	-
<b>Total current liabilities</b>		<b>13,319,361</b>	<b>10,940,530</b>	<b>535,016</b>	<b>880,787</b>
<b>Total liabilities</b>		<b>61,559,437</b>	<b>49,477,044</b>	<b>13,354,210</b>	<b>13,672,153</b>
<b>Total equity and liabilities</b>		<b>99,723,542</b>	<b>76,271,437</b>	<b>33,440,396</b>	<b>33,758,339</b>

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 2024 was 0.82918 (2023: 0.86905).

The accounting policies and explanatory notes on pages 20 to 74 form an integral part of the consolidated and separate financial statements.

The consolidated and separate financial statements on pages 12 to 74 were approved and authorised for issue by the Board of Directors on 28 April 2025 and signed on behalf of the Group's and the Company's Board of Directors by:

Signed by:  
  
3840080A403046D  
Alexander Fenech  
Director

DocuSigned by:  
  
0A3D628B5F0E840A  
Benjamin Muscat  
Director

DocuSigned by:  
  
AF186D2705C543D  
Paul Camilleri  
Director



BROWN'S PHARMA HOLDINGS PLC  
Annual Report and Consolidated Financial Statements - 31 December 2024

**Consolidated Statement of Changes in Equity**

**The Group**

	Note	Share capital €	Retained earnings €	Revaluation reserve € (restated)	Translation reserve €	Total €
<b>Balance at 1 January 2023</b>		20,086,186	642,707	6,998,405	-	27,727,298
Effect of prior year error	34	-	-	(1,129,102)	-	(1,129,102)
<b>Balance at 1 January 2023 – as restated</b>		20,086,186	642,707	5,869,303	-	26,598,196
Transfer upon acquisition of new subsidiary		-	-	-	(10,102)	(10,102)
<b>Comprehensive income</b>						
Profit for the year		-	1,570,716	-	-	1,570,716
<b>Total comprehensive income for the financial year</b>		-	<b>1,570,716</b>	-	-	<b>1,570,716</b>
Movement for the year		-	-	-	5,904	5,904
<b>Transaction with owners</b>						
Dividends declared	9	-	(1,370,321)	-	-	(1,370,321)
<b>Balance at 31 December 2023</b>		<b>20,086,186</b>	<b>843,102</b>	<b>5,869,303</b>	<b>(4,198)</b>	<b>26,794,393</b>

BROWN'S PHARMA HOLDINGS PLC  
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**Consolidated Statement of Changes in Equity – continued**

**The Group**

	Note	Share capital €	Retained earnings €	Revaluation reserve €	Translation reserve €	Total €
<b>Balance at 1 January 2024</b>		20,086,186	843,102	5,869,303	(4,198)	26,794,393
<b>Comprehensive income</b>						
Profit for the year		-	2,208,053	-	-	2,208,053
Other comprehensive income for the year		-	-	10,980,568	-	10,980,568
<b>Total comprehensive income for the financial year</b>		-	<b>2,208,053</b>	<b>10,980,568</b>	-	<b>13,188,621</b>
Movement for the year		-	-	-	(18,909)	(18,909)
<b>Transaction with owners</b>						
Dividends declared	9	-	(1,800,000)	-	-	(1,800,000)
<b>Balance at 31 December 2024</b>		<b>20,086,186</b>	<b>1,251,155</b>	<b>16,849,871</b>	<b>(23,107)</b>	<b>38,164,105</b>

BROWN'S PHARMA HOLDINGS PLC  
Annual Report and Consolidated Financial Statements - 31 December 2024

## Consolidated Statement of Changes in Equity – continued

### The Company

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2023		20,086,186	-	20,086,186
<b>Comprehensive income</b>				
Total comprehensive income for the financial year		-	1,370,321	1,370,321
<b>Transactions with owners</b>				
Dividends declared	9	-	(1,370,321)	(1,370,321)
<b>Balance at 31 December 2023</b>		<b>20,086,186</b>	<b>-</b>	<b>20,086,186</b>
Balance at 1 January 2024		20,086,186	-	20,086,186
<b>Comprehensive income</b>				
Total comprehensive income for the financial year		-	1,800,000	1,800,000
<b>Transactions with owners</b>				
Dividends declared	9	-	(1,800,000)	(1,800,000)
<b>Balance at 31 December 2024</b>		<b>20,086,186</b>	<b>-</b>	<b>20,086,186</b>

The accounting policies and explanatory notes on pages 20 to 74 form an integral part of the consolidated and separate financial statements.

BROWN'S PHARMA HOLDINGS PLC  
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## Consolidated Statement of Cash Flows

		Year ended 31 December			
	Notes	The Group 2024 €	The Group 2023 €	The Company 2024 €	The Company 2023 €
<b>Operating activities</b>					
Cash generated from/(used in) operations	27	11,320,253	6,806,231	(120,875)	(110,739)
Tax paid	26	(757,853)	(663,734)	-	-
Tax refund received	26	72,076	272,612	-	-
Net cash generated from/(used in) operating activities		10,634,476	6,415,109	(120,875)	(110,739)
<b>Investing activities</b>					
Net dividends received from subsidiaries		-	-	1,800,000	750,000
Interest received on bank balance	5	833	16,358	-	-
Interest received on financial assets	5	145,000	-	-	-
Purchase of property, plant and equipment	11	(1,083,602)	(712,210)	-	-
Proceeds from disposal of property, plant and equipment		9,600	-	-	-
Purchase of intangible assets	10	(4,571,861)	(1,611,640)	-	-
Purchase of investment in financial assets		(303,972)	(1,150,000)	-	-
Disposal of investment in financial assets		303,918	1,000,000	-	-
Advances paid to subsidiary		-	-	(50,000)	(100,000)
Repayments received from subsidiary		-	-	1,014,396	1,957,909
Net cash (used in)/generated from investing activities		(5,500,084)	(2,457,492)	2,764,396	2,607,909

BROWN'S PHARMA HOLDINGS PLC  
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## Consolidated Statement of Cash Flows – continued

		Year ended 31 December			
	Notes	The Group 2024 €	The Group 2023 €	The Company 2024 €	The Company 2023 €
<b>Financing activities</b>					
Interest paid on debt securities in issue	7	(507,000)	(507,000)	(507,000)	(507,000)
Interest paid on third party loans	7	(8,000)	(8,000)	-	-
Dividends paid		(1,447,400)	(676,250)	(1,447,400)	(676,250)
Proceeds received from interest-bearing borrowings		3,000,000	2,440,000	-	-
Repayments made on interest-bearing borrowings		(672,312)	(251,614)	-	-
Repayments received from amounts held by Trustee		-	57,460	-	-
Payments made to ultimate parent companies		(655,251)	(1,611,273)	(393,905)	(1,050,061)
Advances received from ultimate parent companies		45,000	1,188,525	-	-
Advances made to other related parties		(3,752,477)	(3,176,862)	-	(2,321)
Repayments received from other related parties		69,340	338	-	-
Advances made to ultimate beneficial owners		(267,951)	(101,800)	-	-
Repayments received from ultimate beneficial owners		-	11,716	-	-
Principal payments of lease liabilities		(1,257,223)	(1,074,979)	-	-
Net cash used in financing activities		(5,453,274)	(3,709,739)	(2,348,305)	(2,235,632)
Effect of foreign exchange rate changes		(25,026)	5,904	-	-
<b>Movement in cash and cash equivalents</b>		<b>(343,908)</b>	<b>253,782</b>	<b>295,216</b>	<b>261,538</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>2,904,803</b>	<b>2,531,457</b>	<b>285,157</b>	<b>23,619</b>
<b>Cash and cash equivalents acquired upon acquisition of subsidiary</b>		<b>-</b>	<b>119,564</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>	28	<b>2,560,895</b>	<b>2,904,803</b>	<b>580,373</b>	<b>285,157</b>

The accounting policies and explanatory notes on pages 20 to 74 form an integral part of the consolidated and separate financial statements.

**BROWN'S PHARMA HOLDINGS PLC**  
Annual Report and Consolidated Financial Statements - 31 December 2024

## **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**

These 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 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 fair value through profit or loss, 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.

The nature of the Group's operations and its principal activities is to operate several pharmacies in Malta and an aesthetic pharmacy in the United Kingdom. The nature of the Company's operations and its principal activities is to hold shares in subsidiary companies registered in Malta and United Kingdom.

#### **i. Use of estimates and judgements**

In preparing the consolidated and separate financial statements, the Board of Directors are required to make judgements (other than those involving estimates) that has significance on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

#### **Critical judgements in applying the Group's and the Company's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Board of Directors have made in the process of applying the Group's and the Company's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

BROWN'S PHARMA HOLDINGS PLC  
Annual Report and Consolidated Financial Statements - 31 December 2024

1. **Accounting policies – continued**
- a. **Basis of preparation – continued**
- i. **Use of estimates and judgements – continued**

**Critical judgements in applying the Group's and the Company's accounting policies – continued**

*Fair value and impairment of intangible assets*

The Group determines the fair value of its pharmacy licences using a market-based valuation approach, which benchmarks recent acquisition transactions made. The methodology applies the transaction multiples observed in these acquisitions, typically based on pre-takeover turnover, and adjusts them to reflect the Group's current turnover, to derive a market-consistent valuation.

The Group tests pharmacy licenses annually for impairment or more frequently if there are indications that their value might be impaired. This assessment is a critical judgment as it depends on a number of variables such as market conditions, regulatory changes and financial performance. The recoverable amount of pharmacy licenses is determined as the higher of fair value less costs to sell, derived from market trends, and value in use, which is based on discounted future cash flow projections.

Due to the inherent uncertainty in the underlying assumptions, the Group performs sensitivity analyses to assess the impact of changes in key variables on the valuation of these intangible assets. If the carrying value exceeds the recoverable amount, an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

**Key sources of estimation uncertainty**

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.

*Calculation of loss allowance*

When measuring ECL the Group and the Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

BROWN'S PHARMA HOLDINGS PLC  
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- 1. **Accounting policies – continued**
- a. **Basis of preparation – continued**
- i. **Use of estimates and judgements – continued**

**Key sources of estimation uncertainty – continued**

Impairment of Goodwill

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, the Board of Directors estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

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

In 2024, 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 2024. 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.

Amendments to IAS Classification of Liabilities as Current or Non-current	1	<p>The Group and the Company has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year. The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p>
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BROWN'S PHARMA HOLDINGS PLC  
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**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—Non-current Liabilities with Covenants	The Group and the Company has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).
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The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of the consolidated and separate financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

**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 IAS 21	<i>Lack of Exchangeability</i>
IFRS 18	<i>Presentation and Disclosures in Financial Statements</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments – Nature dependent electricity contracts</i>

The Board of Directors does 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, except for the below.

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1. **Accounting policies** – continued
- a. **Basis of preparation** – continued
- iii. **New and revised IFRS Standards in issue but not yet effective** - continued

**IFRS 18 Presentation and Disclosures in Financial Statements**

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Board of Directors of the Group and the Company anticipate that the application of these amendments may have an impact on the Group and the Company's consolidated and separate financial statements in future periods.

**b. Going concern**

The Board of Directors have, at the time of approving the consolidated and separate financial statements, a reasonable expectation that the Group and the Company 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 and separate financial statements.

**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 2024 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.

BROWN'S PHARMA HOLDINGS PLC  
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**1. Accounting policies – continued**

**c. Basis of consolidation – continued**

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 in 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.

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

BROWN'S PHARMA HOLDINGS PLC  
Annual Report and Consolidated Financial Statements - 31 December 2024

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**1. Accounting policies – continued**

**c. Basis of consolidation – continued**

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company'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 Company.

When the Company 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 Company 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.

BROWN'S PHARMA HOLDINGS PLC  
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**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.



BROWN'S PHARMA HOLDINGS PLC  
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**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 recognise revenue from the following major sources:

- i. Sale of pharmaceutical products and other related services - Revenue is measured at the fair value of the consideration received or receivable. The Group generates revenue through a chain of retail stores selling pharmaceutical products and related services in Malta, as well as a pharmacy in the United Kingdom that sells aesthetic pharmaceutical products directly to doctors. Revenue from the sale of goods and services is recognized at the point in time when control of the product or service is transferred to the customer.

Revenue generated from the Group's retail stores is recognized at the point of sale, as this is when the customer obtains control of the goods or services. Payment for these transactions is received immediately upon purchase.

Revenue from aesthetic pharmaceutical products is recognized upon delivery of the goods, in accordance with agreed contractual terms. Payment for these transactions is due based on credit terms agreed with customers, which typically range up to 30 days.

- 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.

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**1. Accounting policies – continued**

**h. Intangible assets**

Pharmacy licences

The Group holds the licences to operate the pharmacy outlets. The licences are initially measured at cost and subsequently revalued on a periodical basis. Fair value is based on a market-based valuation methodology. This valuation is based on acquisition transactions that are in progress or have been recently completed by the Group, applying the acquisition price to pre-takeover turnover to the current year turnover to derive a market-consistent valuation. There has been no change to the valuation technique during the year.

Licences 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. After initial recognition, such licences are carried at revalued amount, being its fair value at the date of revaluation less any subsequent accumulated impairment losses.

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.

Website development

Website development is an internally-generated intangible asset and is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- the intention to complete the intangible asset and use or sell it.
- the ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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**1. Accounting policies – continued**

**h. Intangible assets – continued**

Website development – continued

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives of 4 years. The estimated useful life and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Computer software is an intangible asset with finite useful lives that is acquired separately and is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives of 4 years. The estimated useful life and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Other intangible assets

Other intangible assets arise from acquiring rights over leased outlets when entering into a new lease agreement. These intangible assets have a finite useful life, are acquired separately, and are measured at cost, net of accumulated amortisation and impairment losses. Amortisation is applied on a straight-line basis over the lease term, generally 10 years. The estimated useful life and amortisation method are reviewed at each reporting period, with any changes in estimates applied prospectively.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment

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)).



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**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
- 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.

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**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.

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.

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**1. Accounting policies – continued**

**i. Leases – continued**

The Group as lessee – continued

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 nucleuse 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% – 25%
• Motor vehicle	20%
• 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.

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)).

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**1. Accounting policies – continued**

**k. Investments in subsidiaries**

In the Company's separate financial statements, investments in subsidiaries are accounted for using 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 not 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.

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.

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**1. Accounting policies – continued**

**m. Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**n. Fair value measurement**

The Group measures non-financial assets such as intangible assets at fair value and financial assets at fair value through profit or loss at each consolidated 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 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.

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.

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**1. Accounting policies – continued**

**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**

• *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.

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.



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1. **Accounting policies** – continued
- o. **Financial instruments** – continued
- i) **Financial assets** – continued

- *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 cost whilst the Company holds financial assets at amortised cost.

*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.

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 effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The Group and the Company's cash and cash equivalents, trade and other receivables fall into this category of financial instrument.

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.

BROWN'S PHARMA HOLDINGS PLC  
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**1. Accounting policies – continued**

**o. Financial instruments – continued**

**i) Financial assets – continued**

• *Subsequent measurement – continued*

*Financial assets at amortised cost - continued*

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 “finance 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.

• *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.



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**1. Accounting policies – continued**

**o. Financial instruments – continued**

**i) Financial assets – continued**

• *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.

**ii) Financial liabilities and equity**

• *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.

• *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.

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**1. Accounting policies – continued**

**o. Financial instruments – continued**

**ii) Financial liabilities and equity – continued**

• **Financial liabilities**

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

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.

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.

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**1. Accounting policies – continued**

**o. Financial instruments – continued**

**ii) Financial liabilities and equity – continued**

• **Financial liabilities – continued**

*Financial liabilities at amortised cost – continued*

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 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**

In the statement of financial position, cash and cash equivalents are comprised of cash (i.e. cash on hand and on-demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purposes of the consolidated and separate statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**q. Current and deferred taxation**

The tax expense for the period 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 period differs from the results as reported in profit or loss because it excludes items which are 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 been enacted or substantively enacted by the end of the reporting period, 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 substantively enacted by the end of the reporting period 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.

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**1. Accounting policies – continued**

**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.

**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. The Board of Directors reviews an operating segment's operating results regularly 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.

**w. Borrowing costs**

Borrowing costs are expensed in the period in which they are incurred and reported in finance costs (Note 7)

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## 2. Revenue

Group's revenue is generated from the sales of pharmaceutical products generated in Malta and the UK. These are split as follows:

	2024 €	2023 €
Revenue from retail sales	42,360,327	35,892,233
Revenue from wholesale sales	7,698,897	2,451,234
Total revenue	<b>50,059,224</b>	38,343,467

The timing of revenue recognition is 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 2024 €	The Group 2023 €	The Company 2024 €	The Company 2023 €
Amortisation of intangible assets (Note 10)	127,957	93,093	-	-
Auditor's remuneration	84,652	68,890	36,934	35,105
Cost of sales	33,883,748	24,703,481	-	-
Directors' remuneration	176,174	193,841	54,000	49,800
Depreciation of property, plant and equipment (Note 11)	565,725	454,783	-	-
Depreciation of right-of-use assets (Note 13)	919,545	790,727	-	-
Movement in expected credit losses	109,602	-	-	-
Staff costs (Note 4)	6,416,194	5,426,568	-	-

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**3. Expenses by nature – continued**

Cost of sales by category of activity:

	<b>The Group 2024</b>	<b>The Group 2023</b>	<b>The Company 2024</b>	<b>The Company 2023</b>
	€	€	€	€
Cost of sales of pharmaceutical and similar goods or services	<b>33,671,593</b>	24,493,802	-	-
Laser expenses	<b>210,659</b>	175,206	-	-
Other	<b>1,496</b>	34,473	-	-
	<b>33,883,748</b>	24,703,481	-	-

**Auditor's fees**

Fees charged, including any irrecoverable VAT, by the auditor for the services rendered during the financial years ended 31 December 2024 and 2023 relate to the following:

	<b>The Group 2024</b>	<b>The Group 2023</b>	<b>The Company 2024</b>	<b>The Company 2023</b>
	€	€	€	€
Annual statutory auditors	<b>84,652</b>	68,890	<b>36,934</b>	35,105
Tax compliance & advisory services	-	6,591	-	354
Other non – audit services	-	4,535	-	826
	<b>84,652</b>	80,016	<b>36,934</b>	36,285

**4. Staff costs**

	<b>The Group 2024</b>	<b>The Group 2023</b>	<b>The Company 2024</b>	<b>The Company 2023</b>
	€	€	€	€
Wages and salaries	<b>6,154,609</b>	5,213,016	-	-
Social security costs	<b>242,931</b>	196,044	-	-
Pension costs	<b>18,654</b>	17,508	-	-
<b>Total staff costs</b>	<b>6,416,194</b>	5,426,568	-	-



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**4. Staff costs – continued**

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

	<b>The Group 2024</b>	<b>The Group 2023</b>	<b>The Company 2024</b>	<b>The Company 2023</b>
Operational	145	134	-	-
Administration	11	17	-	-
Selling and distribution	25	7	-	-
	<b>181</b>	<b>158</b>	<b>-</b>	<b>-</b>

**5. Finance income**

	<b>The Group 2024 €</b>	<b>The Group 2023 €</b>	<b>The Company 2024 €</b>	<b>The Company 2023 €</b>
Dividend receivable from investment in subsidiaries	-	-	2,769,231	2,212,951
Interest receivable on amounts due from subsidiary	-	-	489,374	505,539
Interest receivable on bank balances	833	16,358	-	-
Interest receivable on investment in debt instruments	145,000	-	-	-
	<b>145,833</b>	<b>16,358</b>	<b>3,258,605</b>	<b>2,718,490</b>

**6. Other income**

	<b>The Group 2024 €</b>	<b>The Group 2023 €</b>	<b>The Company 2024 €</b>	<b>The Company 2023 €</b>
Other income	256,351	121,797	-	-
Recharge of expenses	-	-	175,651	88,257
Profit on the disposal of property, plant and equipment	9,600	-	-	-
Reimbursement of salaries	22,028	8,021	-	-
Amount released following early termination of leases	56,003	6,086	-	-
Write-off of other payables	-	113,805	-	-
	<b>343,982</b>	<b>249,709</b>	<b>175,651</b>	<b>88,257</b>



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**7. Finance costs**

	<b>The Group 2024 €</b>	<b>The Group 2023 €</b>	<b>The Company 2024 €</b>	<b>The Company 2023 €</b>
Interest payable on debt security in issue	<b>507,000</b>	507,000	<b>507,000</b>	507,000
Amortisation of debt security in issue costs	<b>27,820</b>	27,820	<b>27,820</b>	27,820
Interest payable on bank loans	<b>264,028</b>	116,652	-	-
Interest payable on other loans	<b>8,000</b>	8,000	-	-
Interest on lease liability	<b>619,451</b>	554,647	-	-
Other interest payable	<b>7,072</b>	-	-	-
	<b>1,433,371</b>	1,214,119	<b>534,820</b>	534,820

**8. Income tax**

	<b>The Group 2024 €</b>	<b>The Group 2023 €</b>	<b>The Company 2024 €</b>	<b>The Company 2023 €</b>
Current tax:				
At 15%	<b>125</b>	2,454	-	-
At 35%	<b>759,118</b>	484,709	<b>969,231</b>	774,533
Deferred tax charge for the year (Note 24)	<b>376,349</b>	771,731	-	-
	<b>1,135,592</b>	1,258,894	<b>969,231</b>	774,533

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**8. Income tax – continued**

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

	<b>The Group 2024 €</b>	<b>The Group 2023 €</b>	<b>The Company 2024 €</b>	<b>The Company 2023 €</b>
Profit before tax	<b>3,343,645</b>	2,829,610	<b>2,769,231</b>	2,144,854
Tax on accounting profit at 35% thereon	<b>1,170,276</b>	990,364	<b>969,231</b>	750,699
Tax effect of:				
Net effect on right-of-use assets depreciation and lease liabilities finance charge	<b>73,404</b>	91,519	-	-
Income not subject to tax	<b>(29,041)</b>	(39,832)	-	(207,829)
Income subject to reduced tax rates of tax	<b>(167)</b>	(3,272)	-	-
Non-allowable expenses	<b>279,771</b>	183,384	-	231,663
Allowance on amortisation of intellectual property	<b>(735,000)</b>	(735,000)	-	-
Movement in deferred tax	<b>376,349</b>	771,731	-	-
	<b>1,135,592</b>	1,258,894	<b>969,231</b>	774,533

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

	<b>The Group 2024 €</b>	<b>The Group 2023 €</b>	<b>The Company 2024 €</b>	<b>The Company 2023 €</b>
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Gains on revaluation of intangible assets (Note 24)	<b>5,912,613</b>	-	-	-
<b>Total deferred tax recognised in other comprehensive income</b>	<b>5,912,613</b>	-	-	-

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**9. Dividends**

<b>The Group and the Company</b>	<b>2024</b>	<b>2023</b>
	<b>€</b>	<b>€</b>
<b>Ordinary shares</b>		
Interim dividend	<b>1,800,000</b>	750,000
Final dividend	-	620,321
	<b>1,800,000</b>	<b>1,370,321</b>
 Euro per share	 <b>0.09</b>	 <b>0.07</b>

During the year ended 31 December 2024, the Board of Directors proposed an interim gross dividend of €2,769,231 (2023: €1,153,846). They did not propose nor declare any final gross dividend (2023: €954,340) to the ordinary shareholders. These dividends are being declared out of taxable profits resulting in a total net dividend to the ordinary shareholders of €1,800,000 (2023: €1,370,321) equivalent to €0.09 (2023: €0.07) per share.

**10. Intangible assets**

<b>The Group</b>	<b>Website Costs €</b>	<b>Pharmacy Licences €</b>	<b>Computer software €</b>	<b>Other Intangible asset €</b>	<b>Total €</b>
<b>At 1 January 2023</b>					
Cost	316,932	10,053,476	-	67,418	10,437,826
Accumulated amortisation	(164,070)	-	-	-	(164,070)
Net revaluation surplus as restated	-	34,412,402	-	-	34,412,402
<b>Net book amount as restated</b>	<b>152,862</b>	<b>44,465,878</b>	<b>-</b>	<b>67,418</b>	<b>44,686,158</b>
<b>Movements for the year ended 31 December 2023</b>					
Opening net book amount	152,862	44,465,878	-	67,418	44,686,158
Additions	96,640	1,515,000	-	-	1,611,640
Amortisation charge	(93,093)	-	-	-	(93,093)
<b>Closing net book amount</b>	<b>156,409</b>	<b>45,980,878</b>	<b>-</b>	<b>67,418</b>	<b>46,204,705</b>
<b>At 31 December 2023</b>					
Cost	413,572	11,568,476	-	67,418	12,049,466
Accumulated amortisation	(257,163)	-	-	-	(257,163)
Net revaluation surplus	-	34,412,402	-	-	34,412,402
<b>Net book amount</b>	<b>156,409</b>	<b>45,980,878</b>	<b>-</b>	<b>67,418</b>	<b>46,204,705</b>

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**10. Intangible assets - continued**

The Group	Website Costs €	Pharmacy Licences €	Computer software €	Other Intangible asset €	Total €
<b>Movements for the year ended 31 December 2024</b>					
Opening net book amount	156,409	45,980,878	-	67,418	46,204,705
Transfer of cost from property, plant and equipment	-	-	146,952	-	146,952
Transfer of accumulated depreciation from property, plant and equipment	-	-	(34,163)	-	(34,163)
Additions	96,240	4,922,000	53,621	-	5,071,861
Amortisation charge	(92,588)	-	(35,369)	-	(127,957)
Revaluation for the year	-	16,893,181	-	-	16,893,181
Closing net book amount	<b>160,061</b>	<b>67,796,059</b>	<b>131,041</b>	<b>67,418</b>	<b>68,154,579</b>
<b>At 31 December 2024</b>					
Cost	509,812	16,490,476	200,573	67,418	17,268,279
Accumulated amortisation	(349,751)	-	(69,532)	-	(419,283)
Net revaluation surplus	-	51,305,583	-	-	51,305,583
<b>Net book amount</b>	<b>160,061</b>	<b>67,796,059</b>	<b>131,041</b>	<b>67,418</b>	<b>68,154,579</b>

During the year ended 31 December 2024, the Board of Directors revalued the pharmacy licences, resulting in a revaluation surplus of €16,893,181 (2023: €Nil). The revaluation surplus is disclosed in Note 19. The pharmacy licences were last valued during the year ended 31 December 2022.

Amortisation charge of €127,957 (2023: €93,093) is included in administrative expenses.

Had the Group's pharmacy licences been measured at historical cost, their carrying amount would have been €16,490,476 (2023: €11,568,476).

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11. Property, plant and equipment									
The Group		Improvements to premises	Computer equipment	Furniture & fittings	Shop equipment	Motor vehicle	Electrical installations	Plant & machinery	Total
		€	€	€	€	€	€	€	€
At 1 January 2023									
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
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 at net book value		-	-	-	-	-	-	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	5,665,599
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

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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 2024									
Opening net book amount	1,182,484	161,037	834,652	246,769	-	280,813	132,446	2,838,201	
Additions	134,126	305,624	294,750	293,560	15,650	39,892	-	1,083,602	
Disposals	-	-	-	-	(19,555)	-	-	(19,555)	
Transfer to intangible assets at net book value	-	-	-	-	-	-	(112,789)	(112,789)	
Reclassification to other classes	-	8,521	10,412	724	-	-	(19,657)	-	
Depreciation charge	(37,707)	(209,286)	(165,057)	(118,185)	(3,130)	(32,360)	-	(565,725)	
Release of depreciation on disposal	-	-	-	-	19,555	-	-	19,555	
Write-off	(150,000)	-	-	-	-	-	-	(150,000)	
Release of depreciation on write-off	1,500	-	-	-	-	-	-	1,500	
Closing net book amount	1,130,403	265,896	974,757	422,868	12,520	288,345	-	3,094,789	

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

**The Group**

	Improvements to premises	Computer equipment	Furniture & fittings	Shop equipment	Motor vehicle	Electrical installations	Plant & machinery	Total
	€	€	€	€	€	€	€	€
<b>At 31 December 2024</b>								
Cost	1,247,955	1,106,278	2,311,231	1,228,809	15,650	522,771	-	6,432,694
Accumulated depreciation	(117,552)	(840,382)	(1,336,474)	(805,941)	(3,130)	(234,426)	-	(3,337,905)
<b>Net book amount</b>	<b>1,130,403</b>	<b>265,896</b>	<b>974,757</b>	<b>422,868</b>	<b>12,520</b>	<b>288,345</b>	<b>-</b>	<b>3,094,789</b>

Fully depreciated assets which were still in use at 31 December 2024 had a cost of €1,888,612 (2023: €1,539,254), on which depreciation otherwise chargeable would have amounted to €356,180 (2023: €281,416).

Depreciation charge of €565,725 (2023: €454,783) is included in administrative expenses.



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**12. Goodwill**

**The Group**

€

**Movements for the year ended 31 December 2023**

Opening/closing net book amount as restated	3,945,451
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**At 31 December 2023**

Net book amount as restated	3,945,451
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**Movements for the year ended 31 December 2024**

Opening/closing net book amount	3,945,451
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**At 31 December 2024**

Net book amount	3,945,451
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The recoverable amount of this cash generating unit is determined based on value in use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The Board of Directors estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the operations. The growth rates are based on industry growth forecasts whilst changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The assessment of recoverability of the carrying amount of goodwill includes:

- Forecasted projected cash flows for the next 5 years and projection of terminal value using the perpetuity method;
- Growth rate of 3.5% (2023: 3%); and
- Use of 5.7% (pre-tax) (2023: 5.7% (pre-tax)) to discount the projected cash flows to net present values.

Based on the above assessment, the Board of Directors expect the carrying amount of goodwill to be recoverable and there is no impairment in the value of the goodwill.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for cash generated unit to which goodwill is allocated. In the opinion of the Board of Directors, any reasonable possible change in the key assumption on which the recoverable amount of goodwill is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related cash generating unit.

The Board of Directors has determined that the Group constitutes a single reporting segment based on its activities. Therefore, the carrying amount of goodwill has been wholly allocated to this segment, which is the only cash generating unit.

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

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**13. Right-of-use assets**

<b>The Group</b>	<b>Buildings</b>
	<b>€</b>
<b>Cost</b>	
At 1 January 2023	11,629,987
Additions	664,901
Disposals	(120,943)
<b>At 31 December 2023</b>	<b>12,173,945</b>
At 1 January 2024	12,173,945
Additions	2,145,591
Disposals	(871,201)
Effect on foreign exchange	4,495
<b>At 31 December 2024</b>	<b>13,452,830</b>
<b>Accumulated depreciation</b>	
At 1 January 2023	1,749,591
Depreciation charge	790,727
Release of depreciation upon disposal	(50,925)
<b>At 31 December 2023</b>	<b>2,489,393</b>
At 1 January 2024	2,489,393
Depreciation charge	919,545
Release of depreciation upon disposal	(295,656)
<b>At 31 December 2024</b>	<b>3,113,282</b>
<b>Carrying amount</b>	
<b>At 31 December 2023</b>	<b>9,684,552</b>
<b>At 31 December 2024</b>	<b>10,339,548</b>

The Group leases immovable properties. The average lease term is 19 years (2023: 15 years).

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**13. Right-of-use assets – continued**

**Amounts recognised in profit and loss**

	2024	2023
	€	€
Depreciation expense on right-of-use assets	(919,545)	(790,727)
Interest expense on lease liabilities	(619,451)	(554,647)
Expense relating to leases of low value assets/lease of less than one year	(36,700)	(8,792)
Expense related to variable lease payments not included in the measurement of lease liability	(244,866)	(223,363)
Net release of right-of-use assets and lease liabilities upon disposal	56,003	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:

	2024	2023
	€	€
Fixed payments	1,269,673	1,075,773
Variable payments	244,866	223,363
Total payments	1,514,539	1,299,136

Overall, the variable payments constitute up to 16% (2023: 17%) 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 €1,514,539 (2023: € 1,299,136).

**14. Investments in subsidiaries**

The Company	2024	2023
	€	€
<b>Movements for the year ended 31 December</b>		
Opening net book amount	20,086,189	20,086,188
Additions	-	1
Closing net book amount	20,086,189	20,086,189
<b>At 31 December</b>		
Cost/net book amount	20,086,189	20,086,189

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**14. Investments in subsidiaries – continued**

The subsidiaries, all of which are unlisted, at 31 December are shown below:

Name	Registered office	Principal activities	Percentage of shares held	
			2024	2023
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	100%	100%
Mediva Pharma Limited	66 Tanners Drive, Blakelands, Milton Keynes, Bucks, MK 14 5BP	Operation of an aesthetics pharmacy	100%	100%

As at 31 December 2024 JP Pharma Retail Holdings Limited held 100% (2023: 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. Brown's San Bastjan Pharmacy Ltd., Brown's San Pawl Pharmacy Ltd. The registered address of these companies is Q3, Level 2, Unit 1, Quad Central, Triq L-Esportaturi, Central Business District, Birkirkara, CBD 1020.

JP Pharma Retail Holdings Limited and its subsidiaries prepared its financial statements under the Generally Accepted Accounting Principles for Small and Medium Enterprises (GAPSME). Adjustments to align the accounting policies with IFRS for consolidation purposes, were not necessary and there were no adjustments in the preparation of these financial statements.

Mediva Pharma Limited prepares its financial statements under The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102). Adjustments to align the accounting policies with IFRS for consolidation purposes, were not necessary and there were no adjustments in the preparation of these financial statements.

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**15. Investments in financial assets**

**The Group**

	2024 €	2023 €
<b>Non-current</b>		
<b>Financial assets mandatorily measured at FVTPL</b>		
Investment in equity instrument (Note i)	-	150,000
<b>Current</b>		
<b>Financial assets mandatorily measured at FVTPL</b>		
Investment in equity instrument (Note i)	150,000	-
<b>Financial assets measured at amortised cost</b>		
Redeemable notes (Note ii)	1,000,054	1,000,000
<b>Total current</b>	1,150,054	1,000,000
<b>Total investments in financial assets</b>	1,150,054	1,150,000

**Notes**

i: Equity instrument is unlisted and such investment is redeemable at par by 8 June 2025 or, at the discretion of the Group, 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. It is the Group's intention to convert such shares upon redemption to ordinary shares, hence classifies as equity instruments. The Group is not able to exercise significant influence over the investments as it does not hold voting rights. As at year end, the carrying amount approximated to its fair value.

ii: These related to the allocation of €1,000,000 (2023: €1,000,000) in secured senior notes of a securitisation cell company, which is secured, subject to an interest at 11% (2023: 14.5%) per annum and repayable by 11 December 2025 (2023: 23 November 2024). Upon maturity the Group will receive a nominal amount of €1,000,000 (2023: €1,000,000) plus accrued interest of €110,000 (2023: €145,000). As at year end, the carrying amount approximated to its fair value.

These notes are held by the Group within a business model whose objective is to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Hence, the redeemable notes are classified at amortised costs.

These notes are secured through a company guarantee over the assets of the subsidiary of the securitisation cell company, pledge over the bank account of the securitisation cell company and a pledge over the funding of such notes.

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**16. Inventories**

	<b>The Group 2024 €</b>	<b>The Group 2023 €</b>	<b>The Company 2024 €</b>	<b>The Company 2023 €</b>
Goods held for resale	<b>4,094,812</b>	3,237,621	-	-
Goods in transit	<b>92,493</b>	307,246	-	-
	<b>4,187,305</b>	3,544,867	-	-

**17. Trade and other receivables**

	<b>The Group 2024 €</b>	<b>The Group 2023 €</b>	<b>The Company 2024 €</b>	<b>The Company 2023 €</b>
<b>Non-current</b>				
Amounts due from subsidiary (Note iii)	-	-	<b>12,612,546</b>	13,272,362
<b>Current</b>				
Trade receivables (Note i)	<b>3,890,392</b>	3,810,805	-	-
Amounts due from ultimate beneficial owner (Note ii)	-	90,084	-	-
Amounts due from other related parties (Note ii)	<b>109,223</b>	210,076	<b>1,121</b>	1,121
Amounts due from subsidiary (Note ii)	-	-	<b>150,245</b>	100,245
Other receivables	<b>219,217</b>	253,787	-	-
Prepayments and accrued income	<b>1,598,774</b>	1,459,697	<b>9,922</b>	13,265
	<b>5,817,606</b>	5,824,449	<b>161,288</b>	114,631

Notes:

i. Trade receivables

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, and the amounts are still considered recoverable. The majority of the sales of goods and services are made on a cash basis. The average credit period on sales of goods and services made on credit sales is 90 days.

	<b>2024 €</b>	<b>2023 €</b>
<b>Age of receivables that are past due but not impaired</b>		
91 - 120 days	<b>52,145</b>	644,632
120 - 365 days	<b>18,921</b>	671,092
365 days +	<b>35,880</b>	31,178
Total	<b>106,946</b>	1,346,902

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**17. Trade and other receivables**

Notes: (continued)

i. Trade receivables - continued

Management has evaluated the past-due balances and determined that, despite their aging, these balances are not considered impaired, as no significant credit risk has been identified. Consequently, except for the below, no allowance for expected credit losses has been recognized in these consolidated financial statements

**Movement in Allowance for Expected Credit Losses**

The following table presents the movement in the lifetime ECL allowance for trade receivables:

	2024 €	2023 €
Expected credit loss recognised during the year	109,602	-
Balance at end of the year	109,602	-

The above expected credit loss on trade receivables is included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

- ii. Amounts due other related parties and subsidiary are unsecured, interest free and are repayable on demand. In prior year, amounts due from ultimate beneficial owner were unsecured, interest free and repayable on demand.
- iii. Amount due from subsidiary includes a portion of proceeds from the debt security in issue that has been advanced by the Company in accordance with the provisions of the prospectus as noted in Note 22. These amounts are unsecured and subject to interest at 3.9% per annum. In view of the Board of Directors' intention not to demand settlement within twelve months after the reporting period to support the subsidiary in the furtherance of its operational activities, the asset has been classified as non-current. Furthermore, there was no fixed date of repayment agreed upon between the parties.



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**18. Share capital**

**The Group and the Company**

	2024 €	2023 €
<b>Authorised</b>		
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
	<u>20,086,186</u>	<u>20,086,186</u>
<b>Issued and fully paid</b>		
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
	<u>20,086,186</u>	<u>20,086,186</u>

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' shareholders have the right to appoint one (1) director who shall have two point five (2.5) votes each in meetings of the Board of Directors. Class 'A' and 'B' shareholders shall, together, be entitled to appoint four (4) directors to the Board of the Company who shall have one (1) vote each in Board meetings. Each holder of 'B' shares shall have the right to appoint one (1) director to the Board of Directors of the Company who shall have one (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 Company and equal rights upon distribution of the Company's assets upon its winding up. Each ordinary share shall entitle the holder to one (1) vote at each general meeting.

**19. Revaluation reserve**

The revaluation reserve comprises revaluation surpluses/(decreases) 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 Company's shareholders.

Items of consolidated other comprehensive income included in the revaluation reserve will not be reclassified subsequently to profit or loss.

	2024 €	2023 € (restated)
Balance at 1 January as restated	5,869,303	5,869,303
Revaluation gain on intangible assets (Note 10)	16,893,181	-
Deferred tax liability arising on revaluation of intangible assets (Note 24)	(5,912,613)	-
	<u>16,849,871</u>	<u>5,869,303</u>

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**20. Retained earnings**

The Group's and the Company's retained earnings represent accumulated losses or profits since incorporation date. Dividends paid out of retained earnings during the year are 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 and liabilities to the Group's functional currency.

**22. Interest-bearing borrowings**

	The Group 2024 €	The Group 2023 €	The Company 2024 €	The Company 2023 €
<b>Unsecured borrowings at amortised cost</b>				
Debt securities in issue (Note i)	12,819,194	12,791,366	12,819,194	12,791,366
Other loans (Note ii)	100,000	100,000	-	-
	<b>12,919,194</b>	<b>12,891,366</b>	<b>12,819,194</b>	<b>12,791,366</b>
<b>Secured borrowings at amortised cost</b>				
Bank loans (Note iii)	4,896,754	2,305,038	-	-
<b>Total borrowings</b>	<b>17,815,948</b>	<b>15,196,404</b>	<b>12,819,194</b>	<b>12,791,366</b>
Non-current	17,285,874	15,010,866	12,819,194	12,791,366
Current	530,074	185,538	-	-
	<b>17,815,948</b>	<b>15,196,404</b>	<b>12,819,194</b>	<b>12,791,366</b>

**Debt securities in issue**

Note i):

By virtue of a prospectus dated 10 June 2021, Brown's Pharma Holdings plc (the 'Issuer') issued €13,000,000 unsecured bond with a nominal 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 2024 for the bonds was €99.00 (2023: €96.50).

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**22. Interest-bearing borrowings**

***Debt securities in issue – continued***

Note i) – continued

As noted in Note 17, in accordance with the provisions of the prospectus, a portion of the proceeds from the bond issue has been advanced by the Company to its subsidiary.

The bond is 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:

	<b>The Group and the Company</b>	
	<b>2024</b>	<b>2023</b>
	<b>€</b>	<b>€</b>
Face value	<b>13,000,000</b>	13,000,000
Bond issue costs	<b>278,200</b>	278,200
Accumulated amortisation	<b>(97,370)</b>	(69,566)
Unamortised bond issue costs	<b>180,806</b>	208,634
<b>Closing carrying amount</b>	<b>12,819,194</b>	12,791,366

Note ii):

Other loans are unsecured, bear an interest at 8% per annum and are repayable by 1 January 2027.

Note iii):

Bank loans bear interest at 2.9% over 3 months Euribor per annum and are repayable between June 2031 and April 2033. Such loans are secured through the following:

- General Hypothec of €5,440,000 (2023: €2,440,000) on the subsidiary's present and/or future assets.
- First general hypothecary guarantee of €5,440,000 (2023: €2,440,000) over a related party's present and future assets.
- First special hypothecary guarantee of €5,440,000 (2023: €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 with a third party on 25 November 2011.
- Personal guarantee by the subsidiary's ultimate beneficial owners.
- Pledge on insurance policy covering the buildings of all pharmacies owned by other related party.
- Pledge on the ultimate beneficial owners' life insurance policy.

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**22. Interest-bearing borrowings - continued**

Maturity of bank and other loans falling due after more than one year:

	<b>The Group 2024</b>	<b>The Group 2023</b>	<b>The Company 2024</b>	<b>The Company 2023</b>
	€	€	€	€
Between 1 and 2 years	<b>661,783</b>	298,674	-	-
Between 2 and 5 years	<b>1,895,144</b>	684,471	-	-
Over 5 years	<b>1,909,753</b>	1,236,355	-	-
	<b>4,466,680</b>	2,219,500	-	-

Weighted average effective interest rates during the reporting year:

	<b>The Group 2024</b>	<b>The Group 2023</b>	<b>The Company 2024</b>	<b>The Company 2023</b>
	%	%	%	%
Bank loans	<b>5.82</b>	6.75	-	-
Other loans	<b>8</b>	8	-	-

Note iv: As at 31 December 2024, one of the Company's subsidiary had unutilised bank overdraft of €250,000 (2023: €250,000) which is subject to interest rate at 2.90% over 3-month Euribor per annum and secured as follows:

- First general hypothec for €100,000 over all the subsidiary's present and future assets.
- First general hypothec guarantee for €100,000 over the present and future assets of an other related party.
- First special hypothec guarantee for €100,000 over properties held by other related party.
- Subsidiary guarantee by other related party.
- Joint and several guarantee by two of the ultimate beneficial owners.
- Pledge over business insurance over Mosta and Qormi Pharmacy.
- Pledge over building insurance over property leased by other related party.

**Covenants**

The secured bank loans are subject to a financial covenant which is tested annually. The covenant requires that the subsidiary's Debt to EBITDA will not exceed 6. The current multiple of the subsidiary is calculated as 5 (2023: 5). The subsidiary had complied with this covenant in 2024 and 2023. Also, the subsidiary is subject to a non-financial covenant which requires bank approval to pay dividend to its shareholder. The subsidiary obtained such approval from the bank. Other loans do not contain any covenants.

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**23. Lease Liabilities**

	<b>The Group</b> <b>2024</b> €	<b>The Group</b> <b>2023</b> €	<b>The Company</b> <b>2024</b> €	<b>The Company</b> <b>2023</b> €
Maturity Analysis				
Year 1	675,213	561,892	-	-
Year 2	648,890	564,215	-	-
Year 3	699,133	526,957	-	-
Year 4	682,802	566,487	-	-
Year 5	701,467	541,484	-	-
Onwards	7,505,874	7,271,578	-	-
	<b>10,913,379</b>	<b>10,032,613</b>	<b>-</b>	<b>-</b>
Analysed as:				
Non-current	10,238,166	9,470,721	-	-
Current	675,213	561,892	-	-
	<b>10,913,379</b>	<b>10,032,613</b>	<b>-</b>	<b>-</b>

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

**24. Deferred taxation**

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 35%. The movement on the deferred income tax account is as follows:

	<b>The Group</b> <b>2024</b> €	<b>The Group</b> <b>2023</b> € (restated)	<b>The Company</b> <b>2024</b> €	<b>The Company</b> <b>2023</b> €
At beginning of year as restated	(14,054,927)	(13,272,065)	-	-
Charge to consolidated profit or loss (Note 8)	(376,349)	(771,731)	-	-
Charge to consolidated other comprehensive income (Note 8)	(5,912,613)	-	-	-
Effect of foreign exchange	6,117	(11,131)	-	-
At end of year	<b>(20,337,772)</b>	<b>(14,054,927)</b>	<b>-</b>	<b>-</b>
Split as:				
Deferred tax asset	378,264	-	-	-
Deferred tax liability	(20,716,036)	(14,054,927)	-	-
	<b>(20,337,772)</b>	<b>(14,054,927)</b>	<b>-</b>	<b>-</b>

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**24. Deferred taxation – continued**

Deferred tax is analysed as follows:

	<b>The Group 2024</b>	<b>The Group 2023</b>	<b>The Company 2024</b>	<b>The Company 2023</b>
	€	€ (restated)	€	€
Fair value movement on intangible assets	<b>18,515,939</b>	12,603,326	-	-
Temporary difference on intangible assets	<b>2,253,977</b>	1,470,000	-	-
Excess of capital allowances over accumulated depreciation	<b>(53,880)</b>	(18,399)	-	-
Tax losses	<b>(378,264)</b>	-	-	-
	<b>20,337,772</b>	14,054,927	-	-

Except for net deferred tax liability attributed from fair value movement on intangible assets, the movement of such deferred tax liabilities were credited/charged to profit or loss. Deferred tax liability attributable from fair value movement on intangible assets was charged to other comprehensive income.

**25. Trade and other payables**

	<b>The Group 2024</b>	<b>The Group 2023</b>	<b>The Company 2024</b>	<b>The Company 2023</b>
	€	€	€	€
<b>Current</b>				
Trade payables	<b>9,357,374</b>	7,167,604	<b>4,248</b>	-
Amounts due to ultimate beneficial owners (Note)	<b>124,101</b>	-	-	-
Amounts due to ultimate parent companies (Note)	<b>242,218</b>	499,869	<b>243,071</b>	594,073
Amounts due to other related parties (Note)	<b>1,029,896</b>	784,981	-	-
Other payables	<b>554,800</b>	1,124,582	-	-
Accruals	<b>805,685</b>	616,064	<b>287,697</b>	286,714
	<b>12,114,074</b>	10,193,100	<b>535,016</b>	880,787

Note:

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

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**26. Current taxation**

Income tax payable is made up as follows:

	<b>The Group 2024</b>	<b>The Group 2023</b>	<b>The Company 2024</b>	<b>The Company 2023</b>
	€	€	€	€
Balance at 1 January	174,409	270,450	-	-
Current tax charge for the year (Note 8)	(759,243)	(487,163)	(969,231)	(774,533)
Tax refund received	(72,076)	(272,612)	-	-
Provisional tax paid	757,728	661,280	-	-
Interest and penalties	(5,892)	-	-	-
Final withholding tax paid	125	2,454	969,231	774,533
<b>Balance at 31 December</b>	<b>95,051</b>	<b>174,409</b>	<b>-</b>	<b>-</b>

**27. Cash generated from/(used in) operations**

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

	<b>The Group 2024</b>	<b>The Group 2023</b>	<b>The Company 2024</b>	<b>The Company 2023</b>
	€	€	€	€
Operating profit/(loss)	4,631,183	3,913,566	45,446	(38,816)
Adjustments for:				
Amortisation of intangible assets (Note 10)	127,957	93,093	-	-
Depreciation of property, plant and equipment (Note 11)	565,725	454,783	-	-
Depreciation of right-of-use assets (Note 13)	919,545	790,727	-	-
Amount released following early termination of leases (Note 6)	(56,003)	(6,086)	-	-
Write-off of property, plant and equipment (Note 11)	148,500	-	-	-
Profit on disposal of property, plant and equipment (Note 6)	(9,600)	-	-	-
Changes in working capital:				
Inventories	(642,438)	(631,076)	-	-
Trade and other receivables	(244,658)	(1,956,347)	(172,308)	(84,794)
Trade and other payables	5,880,042	4,520,416	5,987	12,871
Working capital acquired upon acquisition of subsidiary	-	(372,545)	-	-
<b>Cash generated from/(used in) operations</b>	<b>11,320,253</b>	<b>6,806,231</b>	<b>(120,875)</b>	<b>(110,739)</b>



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**28. Cash and cash equivalents**

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

	<b>The Group 2024</b>	<b>The Group 2023</b>	<b>The Company 2024</b>	<b>The Company 2023</b>
	€	€	€	€
Cash at bank and in hand	<b>2,559,695</b>	2,903,603	<b>580,373</b>	285,157
Cash held at fiduciary company	<b>1,200</b>	1,200	-	-
	<b>2,560,895</b>	2,904,803	<b>580,373</b>	285,157

During the year, the Group entered into the following significant non-cash transactions:

- Dividends declared but not paid in the current year amounting to €352,600 (2023: €650,321),
- Finance costs in relation to lease liability amounting to €619,451 (2023: €554,647),
- Purchase of pharmacy licence from ultimate beneficial owners amounting to €500,000 (2023: €Nil).

During the year, the Company entered into the following significant non-cash transactions:

- Dividends declared but not paid in the current year amounting to €352,600 (2023: €694,071),
- Set-off balance between the ultimate parent companies and subsidiary amounting to €390,697 (2023: €443,228)
- Dividend receivable declared but yet to be received amount to €Nil (2023: €688,418), and
- Finance income in relation to amounts due to subsidiary amounting to €489,374 (2023: €505,539)

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**29. Related party transactions**

Year end balances due from or to other related parties, subsidiaries, ultimate beneficial owner, due to ultimate parent companies are disclosed in notes 17 and 25 to these consolidated and separate financial statements. Other related parties consist of related parties other than the parent, entities with joint control or significant influence over the Company, subsidiaries, and key management personnel of the Company or its parent.

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

The following transactions were carried out with related parties:

	<b>The Group</b>	<b>The Group</b>	<b>The Company</b>	<b>The Company</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
<b>(a) Rental expense</b>				
Other related party	<b>471,161</b>	459,149	-	-
<b>(b) Purchase of stock</b>				
Other related parties	<b>2,959,164</b>	2,299,868	-	-
<b>(c) Other income</b>				
Subsidiary	-	-	<b>175,651</b>	88,257
<b>(d) Finance income</b>				
Subsidiary	-	-	<b>3,258,605</b>	2,718,490

Investment in subsidiaries are disclosed in Note 14 whilst 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.

No expenses have been recognised in the period for bad or doubtful debts in respect of amounts due from other related parties, immediate parent companies and ultimate beneficial owners and there is no provision for doubtful debts in respect of outstanding amounts due from these other related parties, immediate parent companies and ultimate beneficial owners.

Except for guarantees mentioned in Note 31 to these consolidated and separate financial statements there are no guarantees that have been given or received. The terms and conditions in respect of the related parties' balances do not specify the nature of the consideration to be provided in settlement.

### 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 and the Company 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 and the Company'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.

#### Impairment of 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 expected credit losses, the Group has assessed the probability of default of trade and other receivables. Management considers the probability of default from such assets to be immaterial. As a result, the 12-month expected credit loss model calculation yielded an insignificant amount. Accordingly, no loss allowance has been recognised by the Group, except for specific trade receivables where impairment was identified.

Management continues to monitor credit risk exposure and considers that the carrying amount of trade receivables, net of the ECL allowance, represents the best estimate of recoverable amounts.

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**30. Financial risk management - continued**

***Credit risk - continued***

**Cash and cash equivalents and financial assets**

The cash and cash equivalents held with banks as at 31 December 2024 and 2023 are callable on demand and held with local financial institutions with high quality standing or rating. Also, financial assets as at 31 December 2024 will mature in the next twelve months. Management considers the probability of default from such banks and financial assets to be insignificant. Therefore, based on the above, no loss allowance has been recognised by the Group and the Company.

***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 2024	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €	Total €	Carrying amount €
Interest-bearing borrowings	1,308,259	1,308,259	4,024,778	16,089,447	22,730,743	17,815,948
Trade and other payables	12,114,074	-	-	-	12,114,074	12,114,074
	<b>13,422,333</b>	<b>1,308,259</b>	<b>4,024,778</b>	<b>16,089,447</b>	<b>34,884,817</b>	<b>29,930,022</b>
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	15,196,404
Trade and other payables	10,193,100	-	-	-	10,193,100	10,193,100
	<b>10,885,638</b>	<b>805,674</b>	<b>2,205,471</b>	<b>16,264,355</b>	<b>30,161,138</b>	<b>23,389,504</b>

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**30. Financial risk management – continued**

***Liquidity risk – continued***

**The Company**

<b>As at 31 December 2024</b>	<b>Less than 1 year €</b>	<b>Between 1 and 2 years €</b>	<b>Between 2 and 5 years €</b>	<b>Over 5 years €</b>	<b>Total €</b>	<b>Carrying amount €</b>
Interest-bearing borrowings	507,000	507,000	1,521,000	14,014,000	16,549,000	12,819,194
Trade and other payables	535,016	-	-	-	535,016	535,016
	<b>1,042,016</b>	<b>507,000</b>	<b>1,521,000</b>	<b>14,014,000</b>	<b>17,084,016</b>	<b>13,354,210</b>
<b>As at 31 December 2023</b>	<b>Less than 1 year €</b>	<b>Between 1 and 2 years €</b>	<b>Between 2 and 5 years €</b>	<b>Over 5 years €</b>	<b>Total €</b>	<b>Carrying amount €</b>
Interest-bearing borrowings	507,000	507,000	1,521,000	14,512,000	17,047,000	12,791,366
Trade and other payables	880,787	-	-	-	880,787	880,787
	<b>1,387,787</b>	<b>507,000</b>	<b>1,521,000</b>	<b>14,512,000</b>	<b>17,927,787</b>	<b>13,672,153</b>

***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. There have been no changes to the Group's and the Company's exposure to market risks or the manner in which these risks are managed and measured.

***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 and Company's functional currency. The Group and the Company are not exposed to significant foreign exchange risk arising from the Group and the Company's financing transactions as assets and liabilities are principally denominated in Euro.

The Group's and the Company's significant cash and cash equivalents, borrowings, loans and 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 and the Company is exposed to interest rate risk because the Group and the Company borrows funds at both fixed and floating interest rates. The risk is managed by the Group and the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group and the Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group is exposed to the following risk-free rates: EURIBOR.

The sensitivity analysis below has determined based on the exposure to interest rates for non-derivatives instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 1 per cent increase or decrease is used when reporting interest risk internally to the key management personnel and represents management's assessment of the reasonably possible change in interest rate.

If interest rate had been 1 per cent higher/lower and all other variables were held constant, the Company's:

- net profit for the year ended 31 December 2024 would decrease/increase by €45,366 (2023: decrease/increase by €17,282). This is mainly attributable to the Company's exposure on its variable rates borrowings.

The Company's sensitivity to interest rates has increased during the current year mainly due increase in borrowings subject to a variable rate of interest.

The interest received from debt instruments measured at amortised costs has a fixed interest rate and therefore the Group is not exposed on interest rate risks.

##### *ii) Other price risks*

The Group is exposed to equity price risks from equity investments.

Equity investments in unlisted entities (Note 15) are held for strategic purposes rather than trading purposes. The Company does not actively trade these investments. Accordingly, a sensitivity analysis for other price risks is not deemed necessary.

#### **Capital management**

The Group and the Company's objective when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance. The Group and the Company's overall strategy remains unchanged from 2023. The capital structure of the Group and the Company consists of net debt and equity of the Group and the Company.



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**30. Financial risk management – continued**

***Capital management – continued***

The capital structure of the Group and the Company consists of debt, which includes the interest-bearing borrowings disclosed in Note 22 and lease liabilities disclosed in Note 23. Net debt is defined as debt after deducting cash and cash equivalents as disclosed in Note 28. Equity includes all items presented within equity in the consolidated and separate statement of financial position and further disclosed in Notes 18, 19, 20 and 21.

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

The Group and the Company's Board of Directors manage the capital structure and adjust in the light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on the recommendations of the Board of Directors, the Group and the Company balance its overall capital structure through the payments of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

***Fair values***

At 31 December 2024 and 2023 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 other 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. 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.

**33. Commitment**

At the end of the reporting period, the lessee had outstanding commitment under sponsorship agreement, which falls due as follows:

	2024 €	2023 €
Not later than 1 year	20,000	-
Later than 1 year and not later than 5 years	20,000	-
	<u>40,000</u>	<u>-</u>



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**33. Commitment – continued**

During the year, the Group acquired a pharmacy licence from the ultimate beneficial owners. As part of the agreement, the Group is committed to making a final payment of €1,720,000, which will become payable upon the generation of annual revenue of €1,000,000 from the said pharmacy licence.

**34. Prior year error**

In previous years, intangible assets included a pharmacy licence to which the Group only has a right of use and no effective ownership. Accordingly, a prior year adjustment has been recorded to correct the net book amount of intangible assets. The effect of the restatement on the consolidated financial statements is summarised below:

	As previously stated €	As restated €	Difference €
<b>Effect on the consolidated statement of financial position</b>			
Goodwill	2,348,351	3,945,451	1,597,100
Intangible assets	71,488,759	68,154,579	(3,334,180)
Revaluation reserve	(17,978,973)	(16,849,871)	1,129,102
Deferred tax liability	(21,324,014)	(20,716,036)	607,978
	<u><b>34,534,123</b></u>	<u><b>34,534,123</b></u>	<u><b>-</b></u>

**35. Statutory information**

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

As at 31 December 2024, 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.

## 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 74, which comprise the consolidated and separate statement of financial position as at 31 December 2024, 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 2024, 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), as applicable to audits of financial statement of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements of public interest entities in Malta and 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. 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.

##### (i) Intangible assets – Pharmacy licences

Included in the Group's intangible assets are the pharmacy licences purchased and operated by the Group, which are measured at fair value as further described in Note 1 Accounting policies - Section h and Note 10 of the consolidated and separate financial statements. This represents 68% of the total assets of the Group as at 31 December 2024.

## Independent Auditor's Report – continued

### Key Audit Matters – continued

#### (i) Intangible assets – Pharmacy licences - continued

Management assesses the fair value of its pharmacy licences on a periodical basis. Fair value is determined by using a market-based valuation approach, which benchmarks recent acquisition transactions made. The methodology applies the transaction multiples observed in these acquisitions, typically based on pre-takeover turnover, and adjusts them to reflect the Group's current turnover, to derive a market-consistent valuation.

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 and market data 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 60% of the total assets of the Company as at 31 December 2024.

During the year ended 31 December 2024, management carried out an assessment to establish whether the carrying amount of the investments in subsidiaries in the separate financial statements at 31 December 2024 is impaired. We focused on this area because of the significance of the investments in subsidiaries at 31 December 2024. Moreover, the Board of Directors' assessment process is 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 its carrying amount. Those disclosures specifically explain that the Board of Directors have assessed the carrying amount of investments as at 31 December 2024 and concluded that no provision for impairment of investments in subsidiaries was required. Based on the work performed, we found the value of these pharmacy licences to be consistent with the explanations and evidence obtained.

### 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 governance – 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.

## **Independent Auditor's Report – continued**

### **Other Information - continued**

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 and the Audit Committee of the Financial Statements**

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.

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.



## **Independent Auditor's Report – continued**

### **Responsibilities of the Board of Directors and the Audit Committee of the Financial Statements - continued**

The Board of Directors have delegated the responsibility for overseeing the Group and the Company's financial reporting process to the Audit Committee.

### **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.

## Independent Auditor's Report – continued

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

We communicate with the Audit Committee 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 the Audit Committee 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 the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate 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 2024, 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.

## **Independent Auditor's Report – continued**

### **Report on Other Legal and Regulatory Requirements – 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 2024 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.

### **Appointment**

We were first appointed as auditors of the Group and the Company by the members of the Company on 17 January 2022. Our total period of uninterrupted engagement appointment is 4 calendar years. The Company became listed on a regulated market on 15 July 2021.

### **Consistency of the audit report with the additional report to the Audit Committee**

Our audit opinion is consistent with the additional report to the Audit Committee in accordance with the provisions of Article 11 of the EU Audit Regulation No. 537/2014.



## Independent Auditor's Report – continued

### 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.



Donatella Bondin  
Director

For and on behalf of  
**Equis Assurance Limited**  
**Certified Public Accountants**

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Malta

28 April 2025