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29th August 2023

COMPANY ANNOUNCEMENT

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

Quote

The Company hereby announces that during the meeting of its Board of Directors held on 29th August 2023, the Company's interim financial statements for the six-month financial period ending 30th June 2023 were approved.

A copy of the approved interim financial statements are being enclosed herewith and available on the Company's website on: <https://www.browns.pharmacy/investor-relations/index.html>

Unquote



Dr Jean C. Farrugia
Company Secretary

29th August 2023

Company Registration Number: C95118

BROWN'S PHARMA HOLDINGS PLC
Condensed Consolidated Interim Financial Statements
For the period from 1 January 2023 to 30 June 2023

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Directors' Report Pursuant to Capital Market Rule 5.75.2

This Half-Yearly Report is being published in terms of Chapter 5 of the Capital Market Rules of the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The Half-Yearly Report comprises the reviewed (not audited) condensed consolidated interim financial statements for the six months ended 30 June 2023 prepared in accordance with International Financial Reporting Standards adopted by the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). The condensed consolidated interim financial statements have been reviewed in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The comparative consolidated statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2022.

This interim Directors' Report includes a fair review of the information required in terms of Capital Market Rules 5.81 to 5.84.

Principal Activities

The parent Company's principal activity is to hold shares in three subsidiary companies registered in Malta, Brown's Pharma Limited, JP Pharma Retail Holdings Limited and Brown's Pharma IP Limited and one subsidiary company registered in the United Kingdom, Mediva Pharma Limited. Brown's Pharma Limited operates pharmacies in various localities in Malta whereas JP Pharma Retail Holdings Limited is an investment holding Company of various companies holding the pharmacy licences under their names. These companies gave right to operate the licences to Brown's Pharma Limited. Brown's Pharma IP Limited is a holding Company of the Group's intellectual property. Mediva Pharma Limited is a medical aesthetics supplier for healthcare professionals across the UK.

Review of Financial Performance

During the first six months of 2023, the Group's revenue amounted to €18,020,717, an increase of €1,769,433, or 11%, over the comparative period in 2022.

The Group continued to expand its pharmacy base in Malta with a new acquisition. The Group also acquired a new subsidiary in the UK to start expanding its business outside Malta.

Consolidated operating profit amounted to €1,984,372 (2022: €2,492,821) whilst profit before income tax for the first six months of 2023 amounted to €1,469,872 (2022: €1,986,968). The decrease in operating profits was mainly the result of a sector-wide increase in pharmacists' salaries.

Review of Financial Position

The Group continues to enjoy a healthy financial position. As on 30th June 2023, the Group's total assets €76,384,979 (31 December 2022: €73,004,913), an increase of €3,380,066 or 5% from 31 December 2022.

Directors' Report Pursuant to Capital Market Rule 5.75.2 – continued

Results and dividends

The condensed interim consolidated statement of profit or loss and other comprehensive income is set out on page 4. The Board of Directors do not recommend the payment of an interim dividend for the period under review.

Outlook for Full-Year 2023

Trading in the first months of the third quarter of 2023 has been strong, driven by increasing in-store footfall. Consequently, management outlook for full-year 2023 is very positive and consistent with the projections it provided in its prospectus.

Board of Directors

The Board of Directors of the Group who held office during the year ended 30 June 2023 and as at the date of this report are:

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

In accordance with the Group's Articles of Association, the present Board of Directors shall remain in office.

Going concern

Having made an appropriate assessment of going concern as discussed in Note 3 to these financial statements, the Board of Directors, at the time of approving these Condensed Consolidated Interim Financial Statements, have determined that there is reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, these Condensed Consolidated Interim Financial Statements have been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future and will meet its financial obligations as and when they fall due.

Directors' Report Pursuant to Capital Market Rule 5.75.2 – continued

Principal risks and uncertainties faced by the Group


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 any weaknesses identified are remedied so as not to pose a risk to the Group.

The Pharmacy sector is heavily regulated, and the Group would be sensitive to changes in regulations in this respect. The Audit Committee regularly reviews the work carried out by the Group to manage these risks and to mitigate them where possible and the Audit Committee is satisfied that these risks are being managed effectively.

Related party transactions

During the period under review, the Group has purchased stock from other related entities amounting to €1,266,142 (2022: €1,014,949) and leased properties from other related party amounting to €267,280 (2022: €410,000).

Approved by the Board of Directors on 29 August 2023 and signed on its behalf by:



Alexander Fenech
Director



Benjamin Muscat
Director



Paul Camilleri
Director

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Period ended 30 June	
	The Group 2023 (6 months) Unaudited €	The Group 2022 (6 months) Unaudited €
Revenue	18,020,717	16,251,284
Cost of sales	(11,744,581)	(10,348,423)
Gross profit	6,276,136	5,902,861
Administrative expenses	(4,004,734)	(3,088,448)
Selling and distribution expenses	(308,649)	(329,699)
Other income	21,619	8,107
Operating profit	1,984,372	2,492,821
Investment income	10,606	-
Finance costs	(525,106)	(505,853)
Profit before income tax	1,469,872	1,986,968
Income tax	(587,270)	(634,798)
Profit for the financial period and total comprehensive income for the financial period	882,602	1,352,170

The notes on pages 9 to 14 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Financial Position

		As at	
		The Group 30 June 2023	The Group 31 Dec 2022
		€	€
		Unaudited	Audited
ASSETS			
Non-current assets			
Intangible assets	7	49,527,148	48,020,338
Goodwill		2,317,946	2,152,825
Property, plant and equipment	6	2,622,625	2,522,283
Right-of-use assets		9,995,014	9,880,396
Trade and other receivables		-	57,460
Investments in financial assets		150,000	-
		64,612,733	62,633,302
Current assets			
Investments in financial assets		-	1,000,000
Inventories		3,586,210	2,913,791
Trade and other receivables		4,951,190	3,655,913
Current tax asset		359,352	270,450
Cash and cash equivalents		2,875,494	2,531,457
		11,772,246	10,371,611
Total assets		76,384,979	73,004,913

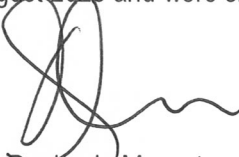
Condensed Consolidated Statement of Financial Position – continued

	As at	
	The Group 30 June 2023	The Group 31 Dec 2022
	€	€
	Unaudited	Audited
EQUITY		
Capital and reserves		
Share capital	20,086,186	20,086,186
Retained earnings	1,525,309	642,707
Revaluation reserve	6,998,405	6,998,405
Translation reserve	(5,739)	-
Total Equity	28,604,161	27,727,298
LIABILITIES		
Non-current liabilities		
Interest-bearing borrowings	8 14,822,479	12,763,538
Deferred taxation	14,296,685	13,880,043
Lease liabilities	9,679,449	9,454,930
	38,798,613	36,098,511
Current liabilities		
Interest-bearing borrowings	410,824	100,000
Trade and other payables	8,041,879	8,569,876
Lease liabilities	529,506	509,228
	8,982,205	9,179,104
Total liabilities	47,780,818	45,277,615
Total equity and liabilities	76,384,979	73,004,913

The notes on pages 9 to 14 are an integral part of these condensed consolidated interim financial statements. The condensed consolidated financial statements on pages 4 to 14 were approved, authorised for issue by the Board of Directors on 29 August 2023 and were signed on its behalf by:



Alexander Fenech
Director



Benjamin Muscat
Director



Paul Camilleri
Director

Condensed Consolidated Statement of Changes in Equity

The Group	Share capital	Retained earnings	Revaluation reserve	Translation reserve	Total Equity
	€	€	€	€	€
Unaudited					
Balance at 1 January 2022	20,086,186	1,058,952	5,732,821	-	26,877,959
Comprehensive profit					
Total comprehensive profit for the financial period	-	1,352,170	-	-	1,352,170
Balance at 30 June 2022	20,086,186	2,411,122	5,732,821	-	28,230,129
Unaudited					
Balance at 1 January 2023	20,086,186	642,707	6,998,405	-	27,727,298
Comprehensive profit					
Total comprehensive profit for the financial period	-	882,602	-	-	882,602
Other movements	-	-	-	(5,739)	(5,739)
Balance at 30 June 2023	20,086,186	1,525,309	6,998,405	(5,739)	28,604,161

The notes on pages 9 to 14 are an integral part of these condensed consolidated interim financial statements.

Consolidated Statement of Cash Flows

		Period ended 30 June	
		The Group 2023 (6 months) Unaudited €	The Group 2022 (6 months) Unaudited €
Operating activities			
Cash generated from operations	9	796,436	2,536,742
Interest received		10,606	-
Interest paid		(239,586)	-
Tax paid		(259,530)	(157,606)
Net cash generated from operating activities		<u>307,926</u>	<u>2,379,136</u>
Investing activities			
Purchase of property, plant, and equipment	6	(246,683)	(420,993)
Purchase of intangible assets - licence	7	(1,500,000)	(1,250,000)
Purchase of intangible assets - website	7	(48,520)	(31,390)
Purchase of financial assets		(150,000)	(1,000,000)
Proceeds on disposal of financial assets		1,000,000	-
Net working capital acquired upon acquisition of subsidiary		(356,903)	-
Net cash used in investing activities		<u>(1,302,106)</u>	<u>(2,702,383)</u>
Financing activities			
Movements in short and long-term borrowings		2,355,851	13,914
Movement in amounts due from Trust Company		57,460	2,903,496
Redemption/ (issue) of preference shares		-	(14)
Movement in shareholder balance		(746,146)	499,324
Movement in related party balance		70,747	-
Principal payments of lease liabilities		(526,271)	(685,471)
Net cash generated from financing activities		<u>1,211,641</u>	<u>2,731,249</u>
Movement in cash and cash equivalents		217,461	2,408,002
Cash and cash equivalent acquired upon acquisition of subsidiary		126,576	-
Cash and cash equivalent at beginning of period		2,531,457	2,402,403
Cash and cash equivalents at end of period		2,875,494	4,810,405

The notes on pages 9 to 14 are an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

1 General information

Brown's Pharma Holdings plc (the "Company") is a limited liability company domiciled and incorporated in Malta. The condensed consolidated interim financial statements of the Group as at 30 June 2023 and for the six-month period then ended comprise the Company and its subsidiaries (together referred to as the "Group"). The Group operates in retail pharmacy industry where it operates 26 pharmacies around Malta. It is also a medical aesthetics supplier for healthcare professionals across the UK.

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 are available upon request from the Company's registered office at "Brown's Pharmacies", Triq I-Industrija, Qormi, Malta. They are also available for viewing on its website at <https://browns.pharmacy/investor-relations/investor-resources/financial>.

2 Basis of preparation

The Condensed Consolidated Interim Financial Statements for the period ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and in terms of the Capital Markets Rules 5.81 to 5.84. These Condensed Consolidated Interim Financial Statements are being published pursuant to Capital Markets Rule 5.74 issued by the Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The Condensed Consolidated Interim Financial Statements attached to this report have been reviewed in terms of ISRE2410 'Review of interim financial information' performed by the independent auditor of the Group.

The financial information of the Group as at 30 June 2023 and for the six-month period then ended reflect the financial position and the performance of Brown's Pharma Holdings p.l.c. and all its subsidiaries. The comparative amounts reflect the position of the Group as included in the audited financial statements ended 31 December 2022 and the unaudited results for the six-month period ended 30 June 2022. The Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention, except for intangible assets which are stated at fair value. The same accounting policies, presentation and methods of computation have been followed in these Condensed Consolidated Interim Financial Statements as were applied in the preparation of the Group's annual financial statements for the year ended 31 December 2022. The Condensed Consolidated Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2022, which form the basis for these Condensed Consolidated Interim Financial Statements. These Condensed Consolidated Interim Financial Statements are intended to provide an update on the latest complete set of annual financial statements and accordingly they focus on new activities, events and circumstances.

Notes to the Condensed Consolidated Interim Financial Statements – continued

3 Going Concern

As at 30 June 2023, the Group's current assets exceeded its current liabilities by €2,790,041 (31 December 2022: €1,192,507) whereas the Group's total assets exceeded its total liabilities by €28,604,161 (31 December 2022: €27,727,298).

4 Application of New or Revised International Financial Reporting Standards

Standards, interpretations and amendments to published standards effective during the reporting period

During the financial period under review, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2023. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group's accounting policies.

Standards, interpretations and amendment to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these condensed consolidated interim financial statements, that are mandatory for the Group's accounting periods beginning after 1 January 2023. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Group's Board of Directors is of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

5 Fair values of financial and non-financial instruments

Financial instruments

The Group is required to disclose fair value measurements by level of a fair value measurement hierarchy for financial instruments (Level 1, 2 or 3). The different levels of the fair value hierarchy are defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly i.e. as prices, or indirectly i.e. derived from prices (Level 2)
- Inputs for the asset or liability that are not based on observable market data i.e. unobservable inputs (Level 3)

Notes to the Condensed Consolidated Interim Financial Statements – continued

5 Fair values of financial and non-financial instruments – continued

Financial instruments – continued

At 30 June 2023 and 31 December 2022, the carrying amounts of certain financial instruments not carried at fair value, principally comprising cash at bank, receivables, payable, accrued expenses and borrowings, reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of advances to related parties and other balances with related parties, which are short-term or repayable on demand, is equivalent to their carrying amount.

The fair value of non-current financial instruments, mainly lease liabilities, is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of the Group's non-current lease liabilities at the end of the reporting period is not significantly different from the carrying amounts. The current market interest rates for discounting purposes, which were almost equivalent to the respective instruments' contractual or related interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2.

Non-financial instruments

Intangible assets held by the Group mainly consist of Goodwill arising on the excess of the purchase price attributable to acquisitions in previous years over the carrying amount of net asset acquired allocated to the identifiable assets and liabilities of the acquired entity. The Group make judgements and estimates in relation to the fair value allocation of the purchase price. The amount of goodwill initial recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement. Allocation of the purchase price affects the results of the Group as intangible assets with a finite life are amortised, whereas intangible assets with an indefinite life and goodwill are not amortised.

The recoverable amount of the cash-generating units (CGUs), to which intangible assets were allocated, as at 30 June 2023 was determined on value-in-use (VIU) calculations consistent with the methods used as at 31 December 2022.

6 Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired property, plant and equipment, with a cost of €246,683 (six months ended 30 June 2022: €420,993).

Notes to the Condensed Consolidated Interim Financial Statements – continued

7 Intangible assets

During the six months ended 30 June 2023, the Group acquired intangible assets, with a cost of €1,548,520 (six months ended 30 June 2022: €1,281,390).

8 Borrowings

	30 June 2023	31 December 2022
	€	€
Debt securities in issue (Note i)	12,777,452	12,763,538
Bank loan (Note ii)	2,355,851	-
Other loan (Note iii)	100,000	100,000
	15,233,303	12,863,538

Notes:

i) On 6 July 2021, the Group's issued €13 million bonds, in terms of the Prospectus dated 10 June 2021, which comprise of 130,000 bonds with the nominal value of €100 each. The carrying amount as at 30 June 2023 is net of unamortised issued costs amounting to €222,548 (31 December 2022: €236,462). These bonds are unsecured, subject to a fixed interest rate of 3.9% 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.

	30 June 2023	31 December 2022
	€	€
Original face value of the bonds issued	13,000,000	13,000,000
Bond issue costs	(278,200)	(278,200)
Accumulated amortisation	55,652	41,738
Unamortised bond issue costs	(222,548)	(236,462)
Amortised costs and closing carrying amount of the debt securities in issue	12,777,452	12,763,538

ii) Bank loan is secured by general hypothec over Group's and related parties' present and future assets, by special hypothec guarantee over the properties owned by a related party, joint and several guarantees given by a related company and by the Group's shareholders, pledges on Group's assets and life policies. It is subject to an interest rate of 4.95% plus 3-month Euribor and it is repayable by 31 December 2032.

iii) Other loan is unsecured, bears an interest of 8% and repayable by 31 December 2023.

Notes to the Condensed Consolidated Interim Financial Statements – continued

9 Cash generated from operations

Reconciliation of operating profit to cash generated from operations:

	The group 2023 (6 months) € Unaudited	The Group 2022 (6 months) € Unaudited
Operating profit	1,984,372	2,492,821
Adjustments for:		
Depreciation of property, plant, and equipment	205,808	175,877
Depreciation of right-of-use of assets	384,844	312,826
Amortisation of intangible assets	41,710	-
Changes in working capital:		
Inventories	(672,419)	(192,226)
Trade and other receivables	(1,699,412)	(1,421,452)
Trade and other payables	551,533	1,168,896
Cash generated from operations	796,436	2,536,742

10 Related party transactions

Parent and ultimate controlling party

As at 30 June 2023 and 31 December 2022, 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.

Related party transactions and balances

Consistent with the disclosures in the audited financial statements for the year ended 31 December 2022, the Group has a related party relationship with its current shareholders and entities ultimately controlled by them, with key management personnel and entities controlled by them.

Notes to the Condensed Consolidated Interim Financial Statements – continued

10 Related party transactions – continued

Related party transactions and balances – continued

The principal related party transactions during the six-month period under review comprise:

	Period ended 30 June	
	The Group 2023 (6 months) Unaudited €	The Group 2022 (6 months) Unaudited €
Other related entities		
Rental charge	267,280	410,000
Purchase of stock	1,266,142	1,014,949
	1,533,422	1,424,949

The principal balances with related parties are analysed as follows

	As at 30 June	
	The Group Jun-2023 € Unaudited	The Group Dec-2022 € Audited
Shareholders and other related entities		
Amounts receivable from	410,169	334,118
Amounts payable to	(533,499)	(1,284,759)
	(123,330)	(950,641)

11 Contingencies and capital commitments

There were no major changes in contingent assets and liabilities, and they remain in essence as reported in the Group's annual financial statements of 31 December 2022.

Statement pursuant to Capital Market Rule 5.75.3

We hereby confirm that to the best of our knowledge

- The condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 30 June 2023, and of its financial performance and cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (International Accounting Standard 34, "Interim Financial Reporting").
- The interim Directors' report includes a fair review of the information required in terms of Capital Market Rules 5.81 to 5.84.

Signed on its behalf of the Board of Directors on 29 August 2023



Alexander Fenech
Director



Benjamin Muscat
Director



Paul Camilleri
Director

Independent Auditor's report

Report on Review of Condensed Consolidated Interim Financial Information

To the Board of Directors of Brown's Pharma Holdings PLC

Introduction

We have reviewed the accompanying interim condensed consolidated interim financial statements of Brown's Pharma Holdings PLC (the "Group"), which comprise the condensed consolidated statement of financial position as at 30 June 2023 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then-ended, and other explanatory notes (the "condensed consolidated interim financial statements"). The Board of Directors are responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to Interim Financial Reporting, (International Accounting Standard 34, "Interim Financial Reporting"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

This report has been prepared for and only for the Group for the purpose of the Capital Market Rules issued by the Malta Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other matter

Comparative financial information for the year ended 31 December 2022 included in the accompanying interim financial information of the Group has been audited with the unmodified audit report being signed on 27 April 2023.

Independent Auditor's report – continued

**Report on Review of Condensed Consolidated Interim Financial Information –
continued**

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".



Donatella Bondin
Director

For and on behalf of
Equis Assurance Limited
Certified Public Accountants

NOUV
MRO Frank Galea Road
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Malta

29 August 2023

