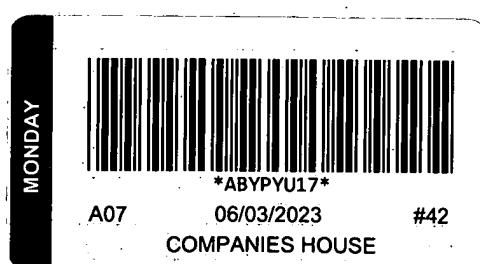


**Registered number: 06043751**

**PENN PHARMA GROUP LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2022**



**PENN PHARMA GROUP LIMITED**

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**PENN PHARMA GROUP LIMITED**

**COMPANY INFORMATION**

**Directors**

S Haffar  
T De Weerd  
J Metzinger

**Company secretary**

Capital Law and People Limited

**Registered number**

06043751

**Registered office**

Capital Building  
Tyndall Street  
Cardiff  
CF10 4AZ

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
One Kingsway  
Cardiff  
CF10 3PW

**Bankers**

JPMorgan Bank  
25 Bank Street Canary Wharf  
London  
E14 5JP

**Solicitors**

Capital Law  
Capital Building  
Tyndall St  
Cardiff  
South Glamorgan  
CF10 3PW

## **PENN PHARMA GROUP LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022**

The directors present the Strategic Report for Penn Pharma Group Limited (the "Company") for the year ended 30 June 2022.

#### **Review of Developments and Future Prospects**

The Company is an intermediate holding company of a subsidiary that is a leading provider of fully integrated and cost effective pharmaceutical out-sourcing services to the international health care industry.

The Company's parent company is PCI Penn UK Holdco Limited. The parent of both the smallest and largest groups in which the results of Penn Pharma Group Limited are consolidated is KPCI Holdings, Ltd, a company which is located in the Cayman Islands.

A full strategic report on the group is available within the consolidated financial statements. Copies of the financial statements of KPCI Holdings, Ltd. as at 30 June 2021 may be obtained from: PCI Pharma Services, 3001 Red Lion Road, Philadelphia, PA 19114.

The net liabilities of the Company at 30 June 2022 are £23,513k (2021: £18,957k).

#### **Key Performance Indicators (KPIs)**

Given the Company is a Holding Company, the main KPI used to measure performance is net liabilities.

Financial KPIs for the current and prior financial year are as follows:

	<b>2022 £000</b>	<b>2021 £000</b>
Net liabilities	<b>23,513</b>	<b>18,957</b>

#### **Principal risks and financial risks**

##### **Credit risk**

The Company's financial assets are bank balances and cash and other debtors. The Company is not particularly exposed to any specific credit risk as its debtors balances are with related entities, the amounts are non-interest bearing and repayable on demand.

##### **Exchange rate risk**

The Company is exposed movements in exchange rates due to overseas trading and intercompany balances denominated in foreign currencies.

##### **Quality regulations**

Given the Company is a Holding Company it is not subject to any quality regulations.

##### **Liquidity and cashflow risk**

The Primary purpose of the company is to act as an intermediate holding company to the wider KPCI Holdings LTD "the Group" and its subsidiaries. Group finance monitor liquidity and cashflows on an ongoing basis to identify any requirements. In addition, the Company has no external debt upon which it is required to make payments. Finally, the overall Group that the company is a party to has access to a \$150,000,000 revolving line of credit which has historically not been utilized but could be should the need arise.

**PENN PHARMA GROUP LIMITED**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**Section 172(1) Directors' Statement**

A director of a company must act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

***Our purpose***

The primary purpose of the Group headed by KPCI Holdings, Ltd (and its subsidiaries) is to serve our customers in the pharmaceutical industry by being a leading provider of outsourced pharmaceutical services offering commercial and clinical packaging, clinical storage and distribution services, high potency and non-potent drug manufacturing and selected drug development and analytical services. Penn Pharma Group Limited serves to act as an intermediate holding company.

***The Board's approach to section 172 and decision making***

Collectively the Board of Directors (the "Board"), appointed by the Group's shareholders, are responsible for the effective oversight of the Group and Company and have implemented a governance structure to support the long-term success of the Company to deliver sustainable shareholder value.

The Board of Directors oversee the Group (defined as KPCI Holdings, Ltd.) and its subsidiaries (including this company).

The Board comprises the Chairman, representatives from the Group's shareholders and the Group's CEO. The Board meets monthly and receives monthly reporting packages, presentations, project updates and proposals in relation to all key issues and decisions of the business including Operations, Quality Assurance (QA), Human Resources, Acquisitions, Finance, Environmental Social & Governance (ESG) and Information Technology (IT).

The Board uses these materials as the basis to consider and discuss both key strategic and tactical decisions, taking account of their likely long-term impact on the activities and success of the business and on its key stakeholders where relevant.

The Board also has an Executive Committee, a Compensation Committee, an Audit Committee and an ESG Committee. Each of these Committees meets regularly and are required to advise the Board on their respective areas.

***Stakeholder engagement***

The Board acknowledges that the long-term success of the Group and Company is dependent on the way it works with several important stakeholders. Key stakeholders are considered in their decision making and in doing so ensure that the directors' duty is discharged under section 172 of the Companies Act of 2006.

***Customers***

Customers are proactively engaged through our Commercial, Clinical and Manufacturing business development teams in order to build long standing relationships and deliver high standards of service. We also have dedicated project management teams to ensure we have met our customers' needs and expectations.

## **PENN PHARMA GROUP LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022**

Our global QA team ensures that we achieve customer and regulatory quality requirements, and that our standards and practices are in line with regulatory requirements. Quality is one of the key metrics that sites are measured upon on a global basis.

Customer satisfaction is one of our key factors of success, and our project management teams have a direct line of communication with customers to ensure that any issues are both identified and corrected in a timely manner.

Monthly production, backlog and pipeline reports are prepared by the teams in each of our three segments, and these reports are utilized to ensure we are meeting our customers' needs as well as achieving the Group's goals.

#### *Suppliers*

Our Supply Chain is made up of formal supply contracts of critical packaging and other pharmaceutical related materials across the world. We have a dedicated global Procurement department who continuously engage with suppliers to ensure we build effective relationships.

The Group is committed to maintaining the highest possible standards of integrity and trust in our business relationships with suppliers. In turn, we also look for suppliers who share the same values and standards.

Monthly reports are provided by the Procurement department which detail our performance against internal goals as well as make sure we are meeting our suppliers' needs.

#### *Employees*

The Board recognizes that the ability to hire, engage with and maintain high performing employees is critical to the Company achieving both its short- and long-term goals, and contributes significantly to the overall success of the organization.

The Group has put into place a formal quarterly review process where goal and expectations are made clear. During these reviews employees and their managers are encouraged to engage with one another to ensure that employee development is made a priority, and that employee development is aligned with overall organization goals. In addition to formal quarterly review meetings, employees are encouraged to seek out and managers are encouraged to provide, real time, informal feedback.

The CEO sends out Group-wide e-mails on a regular basis in order to update employees on the performance of the Group and discuss any new or major projects being undertaken. These communications are also an opportunity for the CEO to remind employees just how important the work they are performing is and how what they do has an impact every day in the lives of patients around the world.

#### *Shareholders*

Our Board contains representatives from the Group and Company's majority shareholders. These representatives attend the monthly board meetings and receive monthly reporting packages which include the Group's internal financial statements. In addition, members of our corporate finance and accounting teams work with our shareholders in order to ensure that our shareholders have what they need to meet their own internal and external reporting requirements.

#### *Lenders*

The Group has two term loans as well as a revolving credit facility with a syndicate of external lenders and is subject to compliance calculations and reporting. The Group engages with lenders in several ways including providing quarterly financial reporting/covenant compliance calculations as well as inclusion in annual budget presentations.

**PENN PHARMA GROUP LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2022**

*Community*

The Group recognizes its presence on a global level and that it is part of the international community. Being conscious of this, the Group aims to be a good corporate citizen and contribute to the communities in which it operates.

*Environment*

Given the industry that the Group operates in (packaging/storage), the risk of major environmental damage as a result of operations is relatively remote. Nevertheless, the Group does recognize the importance in taking steps to reduce its carbon footprint and to reduce waste wherever possible.

The Group is currently in the process of implementing a new ESG department. From the environmental side of the ESG department, key areas of focus will include global carbon footprint reduction, overall waste reduction, better energy management and water conservation practices. Ways to make advances in these areas of focus will include LED lighting replacement, consolidated energy suppliers, water saving devices, reusable shipping solutions, use of energy efficient equipment and development of ways to reduce commercial scrap as well as increase recycling of scrap.

ESG targets and goals are monitored by the Senior Vice President of Human Resources in order to ensure continuous improvement.

*Principal decisions taken in the year*

The board did not approve any specific material plans for this Company, however the Board is responsible for the Group and its subsidiaries and principal decisions were taken in the year as follows:

- The Board approved the fiscal year 2023 budget as well as capital expense plan, which included build out of facilities and additional capacity at a number of sites.
- The Board also approved the purchase of Lyophilization Services of New England, Inc. (LSNE) a commercial manufacturing services provider with operations in the United States and Spain.

The Board considers that it has complied in all material respects with their s172(1) duties. This report was approved by the board and signed on its behalf by:



T De Weerd  
Director

Date: 20 December 2022

## **PENN PHARMA GROUP LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022**

The directors present their annual report and the audited financial statements of Penn Pharma Group Limited (the "Company") for the year ended 30 June 2022.

#### **Results and dividends**

The loss for the financial year amounted to £4,556k (2021 profit: £1,203k). The directors have not recommend the payment of a dividend (2021: £Nil).

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

J Metzinger  
S Haffar  
T De Weerd

#### **Qualifying third party indemnity provisions**

The Company has granted indemnities to the directors against liabilities in respect of proceedings brought by third parties, subject to conditions set out in Section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the Directors Report.

#### **Going concern**

After making reasonable enquiries and assessing financial forecasts including severe but plausible downside scenarios, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The company operates as an intermediate holding company and acknowledges that it is in a current liabilities position of £89,753k. The company does have a letter of support from its ultimate Parent Company. In addition, the Group and its subsidiaries (which includes Penn Pharma Group Limited) has financing which includes a \$150M revolving line of credit which is currently not being utilized. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **Russia and Ukraine conflict**

Management continues to evaluate the Russia and Ukraine conflict, as well as the potential impacts it could have on the business and its operations. The Company is a Holding Company with no operations, and the companies it owns have historically had no sales activity in Russia or Ukraine. Likewise, neither the Company nor its subsidiaries have operations in either of these countries. Despite this, the duration and intensity of the conflict is uncertain, including potential broader impacts like scarcity of raw materials and potential disruption of transportation of goods. Given the uncertainty regarding these circumstances, the related financial impact cannot be reasonably estimated at this time.

#### **Matters covered in the strategic report**

Details of future developments, financial risk management and principal risks can be found in the Strategic Report on page 2 which form part of this report by cross reference.



## **PENN PHARMA GROUP LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022**

#### **Subsequent Events**

The Company has evaluated its subsequent events (events occurring after 30 June 2022) through 20 December 2022, which represents the date these financial statements were available to be issued. No other subsequent events requiring adjustment or disclosure to the financial statements have occurred.

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Independent auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:



T De Weerd  
Director

Date: 20 December 2022

# Independent auditors' report to the members of Penn Pharma Group Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Penn Pharma Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 30 June 2022; Statement of Comprehensive (Loss) Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## **PENN PHARMA GROUP LIMITED**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022**

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of the recoverability of the carrying value of investments in subsidiaries. Audit procedures performed by the engagement team included:

- Evaluation of the adequacy of the design of management's controls to prevent and detect irregularities;
- Enquiry of group management around known or suspected instances of non-compliance with laws and regulations or fraud;
- Review minutes of meetings of those charged with governance;
- Review of material disclosures included in the annual report; and
- Reviewing and challenging management's judgements in respect of the carrying value of investments in subsidiaries.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

**PENN PHARMA GROUP LIMITED**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2022**

**Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*Stuart Couch*

Stuart Couch (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff

22 DECEMBER 2022

# **PENN PHARMA GROUP LIMITED**

## **Statement of Comprehensive (Loss) Income For the Year Ended 30 June 2022**

	<b>Note</b>	<b>2022 £000</b>	<b>2021 £000</b>
Administrative expenses		-	(1)
<b>Operating loss</b>	<b>4</b>	-	(1)
Other interest receivable and similar income	<b>8</b>	-	2,700
Interest payable and similar expenses	<b>9</b>	<u>(4,479)</u>	<u>(1,308)</u>
<b>(Loss)/Profit before tax</b>		<b>(4,479)</b>	<b>1,391</b>
Tax on profit/(loss)	<b>10</b>	<u>(77)</u>	<u>(188)</u>
<b>(Loss)/Profit for the financial year</b>		<b><u>(4,556)</u></b>	<b><u>1,203</u></b>

There are no other comprehensive income in the year (2021: £Nil).

The notes on pages 14 to 21 form part of these financial statements.

**PENN PHARMA GROUP LIMITED**

**REGISTERED NUMBER: 06043751**

**BALANCE SHEET  
AS AT 30 JUNE 2022**

	<b>Note</b>	<b>2022 £000</b>	<b>2021 £000</b>
<b>Fixed assets</b>			
Investments	11	<u>83,740</u>	<u>83,740</u>
<b>Current assets</b>			
Cash at bank and in hand		<u>-</u>	<u>-</u>
Creditors: amounts falling due within one year	12	<u>(89,753)</u>	<u>(87,275)</u>
<b>Net current liabilities</b>		<u>(89,753)</u>	<u>(87,275)</u>
<b>Total assets less current liabilities</b>		<u>(6,013)</u>	<u>(3,535)</u>
Creditors: amounts falling due after more than one year	13	<u>(17,500)</u>	<u>(15,422)</u>
<b>Net liabilities</b>		<u>(23,513)</u>	<u>(18,957)</u>
<b>Capital and reserves</b>			
Called up share capital	14	130	130
Share premium account	15	172	172
Profit and loss account	15	<u>(23,815)</u>	<u>(19,259)</u>
<b>Total shareholders' deficit</b>		<u>(23,513)</u>	<u>(18,957)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**T De Weerd**  
Director

Date: 20 December 2022

The notes on pages 14 to 21 form part of these financial statements.

# **PENN PHARMA GROUP LIMITED**

## **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 1 July 2019	130	172	(18,369)	(18,067)
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(2,093)	(2,093)
Total comprehensive expense for the financial year	-	-	(2,093)	(2,093)
At 30 June 2020	130	172	(20,462)	(20,160)
Comprehensive income for the financial year				
Profit for the financial year	-	-	1,203	1,203
Total comprehensive income for the financial year	-	-	1,203	1,203
At 30 June 2021 and 1 July 2021	130	172	(19,259)	(18,957)
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(4,556)	(4,556)
Total comprehensive expense for the financial year	-	-	(4,556)	(4,556)
At 30 June 2022	130	172	(23,815)	(23,513)

The notes on pages 14 to 21 form part of these financial statements.

## **PENN PHARMA GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

#### **1. General information**

Penn Pharma Group Limited (the "Company") is an intermediate holding company.

The Company is a private company limited by shares and is incorporated, registered and domiciled in Wales, United Kingdom. The address of its registered office is Capital Building, Tyndall Street, Cardiff, CF10 4AZ.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The Company is a wholly owned subsidiary and it is included in the consolidated financial statements of KPCI Holdings, Ltd as at 30 June 2022 and those financial statements may be obtained from PCI Pharma Services, 3001 Red Lion Road, Philadelphia, PA 19114. Therefore, the Company is exempt, by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

The following principal accounting policies have been applied consistently throughout the year:

##### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of KPCI Holdings, Ltd as at 30 June 2022 and those financial statements may be obtained from PCI Pharma Services, 3001 Red Lion Road, Philadelphia, PA 19114.

##### **2.3 Going concern**

After making reasonable enquiries and assessing financial forecasts including severe but plausible downside scenarios, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The company operates as an intermediate holding company and acknowledges that it is in a current liabilities position of £89,753k. The company does have a letter to support the Group. In addition, the Group and its subsidiaries (which includes Penn Pharma Group Limited) has financing which includes a \$150M revolving line of credit which is currently not being utilized. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.



## **PENN PHARMA GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

#### **2. Accounting policies (continued)**

##### **2.4 Consolidation**

The Company is a wholly owned subsidiary and it is included in the consolidated financial statements of KPCI Holdings, Ltd as at 30 June 2022 and those financial statements may be obtained from PCI Pharma Services, 3001 Red Lion Road, Philadelphia, PA 19114. Therefore, the Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

##### **2.5 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger reliefs apply, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

##### **2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.8 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

**PENN PHARMA GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**2. Accounting policies (continued)**

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.10 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.11 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**2.12 Current tax**

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

# **PENN PHARMA GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing these financial statements, the directors have made a significant estimate in regard to the carrying value of investments. These estimates are based on the future forecasted EBITDA of the entities.

#### **Impairment of investment**

Under accounting standards the Company makes judgements in determining if there are any impairment indicators to the carrying value of investments in subsidiaries at 30 June 2022. The directors consider internal and external conditions. As at 30 June 2022 the directors have concluded that there are no impairment triggers and thus there is no requirement to perform an impairment assessment. The carrying value of investments in subsidiaries at the Balance Sheet date was £83.7m (2021: £83.7m).

### **4. Operating result/(loss)**

The operating result/(loss) is stated after crediting:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Exchange result/(loss)	<u>-</u>	<u>(1)</u>

### **5. Auditors' remuneration**

#### **5. Auditors remuneration**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>8</u>	<u>4</u>
<b>Fees payable to the Company's auditors in respect of:</b>		
Taxation compliance services	-	-
All other services	<u>-</u>	<u>-</u>

The costs are borne by another entity within the group.

### **6. Directors' remuneration**

Remuneration of the directors are borne by other group companies without recharge. The directors of the Company are also directors of the other group companies, and it is not possible to make an accurate apportionment of the emoluments in respect of each group company.

**PENN PHARMA GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022**

**7. Employees**

The Company has no employees other than the directors, who did not receive any remuneration (2021: £Nil).

**8. Other interest receivable and similar income**

	2022 £000	2021 £000
Foreign exchange gains on loans	-	2,700

**9. Interest payable and similar expenses**

	2022 £000	2021 £000
Foreign exchange losses on loans	3,168	-
Intercompany interest payable	1,311	1,308
	<u>4,479</u>	<u>1,308</u>

**10. Tax on (loss)/profit**

	2022 £000	2021 £000
Corporation tax		
Current tax on (loss)/profit for the year	<u>77</u>	<u>188</u>

**Factors affecting tax charge for the financial year**

The tax assessed for the year is the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £000	2021 £000
(Loss)/Profit on before Tax	<u>(4,479)</u>	<u>1,391</u>
(Loss)/Profit multiplied by standard rate of corporation tax in the UK of 19%(2021:19%)	(851)	264
Effects of:		
Group relief not paid for	928	(76)
Expenses not deductible	-	-
Non-taxable income	-	-
Disallowed impairment	-	-
Total tax charge for the financial year	<u>77</u>	<u>188</u>

## PENN PHARMA GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax will increase to 25%. The increase in the rate to 25% was substantively enacted in May 2021 and its effects have been included in the financial statements.

#### 11. Investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 July 2021	83,740
Additions	
At 30 June 2022	83,740
<b>Net Book Value</b>	
At 30 June 2022	83,740
At 30 June 2021	83,740

The directors believe that the carrying value of the investments is supported by their underlying net assets.

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Interest	Holding	Principal activity
Penn Pharmaceutical Services Limited	Direct	100%	Pharmaceutical outsourcing services
AndersonBrecon (UK) Limited*	Direct	50%	Pharmaceutical outsourcing services

The address of registered office of all the above subsidiaries is: Capital Building, Tyndall Street, Cardiff, United Kingdom, CF10 4AZ.

\* AndersonBrecon (UK) Limited is 50% owned by PCI Penn UK Holdco Limited and 50% by Penn Pharma Group Limited. All entries are within the same group and are under common ownership.

**PENN PHARMA GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 30 JUNE 2022**

**12. Creditors: amounts falling due within one year**

	2022	2021
	£000	£000
Amounts owed to group undertakings	<u>89,753</u>	<u>87,275</u>

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

**13. Creditors: amounts falling due after more than one year**

	2022	2021
	£000	£000
Amounts owed to group undertakings	<u>17,500</u>	<u>15,422</u>

In June 2022 the Company replaced its existing \$21.4M USD denominated intercompany note payable with a £17.5M GBP denominated note. The new note, which accrues interest at a rate of 0% with no principal payments, is due in full on 28 June 2030. In conjunction with this transaction, all intercompany interest related to the original note was repaid. The amount described above is included within amounts owed to group undertakings greater than one year.

**14. Called up share capital**

	2022	2021
	£000	£000
Alotted, called up and fully paid.		
200,000 (2021: 200,000) A ordinary shares of £0.20 each	40	40
15,534 (2021: 15,534) B ordinary shares of £0.20 each	3	3
87,438 (2021: 87,438) Ordinary shares of £1 each	<u>87</u>	<u>87</u>
	<u>130</u>	<u>130</u>

Voting rights vary between shares with ordinary and B ordinary shares being entitled to one vote per share and A ordinary shares being entitled to 0.514 votes per share.

**PENN PHARMA GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 30 JUNE 2022**

**15. Reserves**

**Share premium account**

The share premium account represents amounts received on the issue of share capital in excess of the nominal value of share capital, less any costs incurred as a result of the issue.

**Profit and loss account**

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

**16. Contingent liabilities**

Penn Pharma Group Limited is a party to cross guarantee in relation to borrowings of Packaging Coordinators Inc. These borrowings are secured on the assets of PCI Penn UK Holdco Limited and other certain group undertakings party to the cross-guarantee agreement. The total borrowings outstanding at 30 June 2022 subject to this cross guarantee amounted to \$1,854,205,000 (2021:\$1,217,700,000).

**17. Post Balance Sheet Events**

The Company has evaluated its subsequent events. No other subsequent events requiring adjustment or disclosure to the financial statements have occurred.

**18. Ultimate parent undertaking and controlling party**

The Company's immediate holding company is PCI Penn UK Holdco Limited, a company incorporated in the United Kingdom.

The parent of both the smallest and largest groups in which the results of Penn Pharma Group Limited are consolidated are KPCI Holdings, Ltd, a company which is located in the Cayman Islands.

KPCI Holdings, Ltd., a company incorporated and domiciled in the Cayman Islands is the ultimate parent company.

Copies of the financial statements of KPCI Holdings, Ltd. as at 30 June 2022 may be obtained from: PCI Pharma Services, 3001 Red Lion Road, Philadelphia, PA 19114.

The ultimate controlling party of the group is Kohlberg and Company LP, which holds a majority interest in the ultimate parent company of the Group.