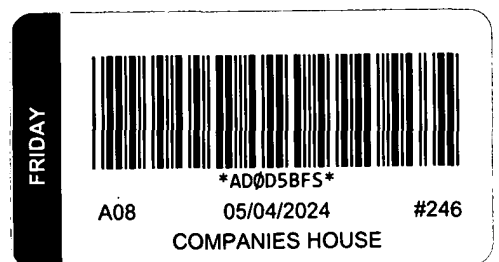


Aspen Pharmacare UK Limited
(Incorporated in the United Kingdom)
Registration number: 11411661

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**



ASPEN PHARMACARE UK LIMITED
REGISTRATION NUMBER: 11411661

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

COMPANY INFORMATION

| | |
|----------------------|---|
| Registration number: | 11411661 |
| Registered address: | One Kingdom Street 4th floor, Office 419-420, Paddington Central, London, W2 6BD United Kingdom |
| Postal address: | One Kingdom Street 4th floor, Office 419-420, Paddington Central, London, W2 6BD United Kingdom |
| Directors: | Nicholas Scott Chris Botha |
| Auditor: | Ernst & Young Chartered Accountants Harcourt Centre, Harcourt Street Dublin 2 Ireland |
| Bankers: | BNP Paribas London Branch 10 Harewood Avenue, London, NW1 6AA United Kingdom Bank of America Merrill Lynch International Designated Activity Company Chester Business Park, Chester CH1 9YE United Kingdom |
| Legal Advisors: | Eversheds Sutherland (International) LLP 1 Wood Street London EC2V 7WS United Kingdom |

ASPEN PHARMACARE UK LIMITED
REGISTRATION NUMBER: 11411661

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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ASPEN PHARMACARE UK LIMITED
REGISTRATION NUMBER: 11411661

DIRECTORS' REPORT
for the year ended 30 June 2023

The directors present their report and the audited financial statements of Aspen Pharmacare UK Limited ("the Company") for the year ended 30 June 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with company law.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with UK-adopted International Accounting Standards, subject to any material departure from those standards disclosed and explained in the financial statements; and
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to enable them to ensure that the audited financial statements comply with the Companies Act 2006. They 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.

Principal activity

The Company's principal activity, which has remained unchanged from the previous year, is to acquire pharmaceutical and over-the-counter products from Aspen Pharma Ireland Limited (the "Parent") and distribute them in the United Kingdom.

Political donations

There were no political donations made during the year.

Indemnities

There were no indemnities paid or arranged for the directors during the year.

Principal risks and uncertainties

The Company does not trade in financial instruments, but in the ordinary course of business operations, the Company is exposed to a variety of financial risks including liquidity risk, credit risk and market risk (comprising foreign currency risk).

Liquidity risk

The Company manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows. Management regularly reviews the forecasted cash position of the Company to ensure that it has sufficient access to liquidity to meet its operational cash flow requirements. Due to the dynamic nature of the underlying business, the business maintains flexibility in funding by having arrangements with the parent company and related parties.

Credit risk

Credit risk, or the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations, is managed by the application of credit approvals, limits, and monitoring procedures. Counterparty credit limits are in place and are reviewed and approved by management. Credit risk primarily arises from trade and other receivables and cash and cash equivalents.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's operations utilise various foreign currencies (i.e., currencies other than the operating functional currency) in respect of trade purchases and amounts due to group companies and consequently the Company is exposed to exchange rate fluctuations that have an impact on cash flows. Foreign currency risks are managed through the Company's financing policies.

ASPEN PHARMACARE UK LIMITED
REGISTRATION NUMBER: 11411661

DIRECTORS' REPORT (continued)
for the year ended 30 June 2023

Future developments

The directors do not plan any change in the activities of the Company and are not expecting any events that will materially impact the current operations to occur in the foreseeable future.

Results and dividends

The profit for the year, after taxation, amounted to £2 752 000 (2022: £3 331 000).

There were no dividends paid during the current or prior year. The directors do not recommend payment of a final dividend.

Going concern

The Company generated net profits of £2,752,000 and has a net asset position of £20,463,000. The current assets of the Company exceed its current liabilities by £18,143,000. Although the Company has negative cash flows of £459,000 at the year end, the Company has cash balances of £1,313,000 and the availability of unutilized funding facilities. The directors have also considered the Company's budgets and cash flow forecasts for a period of at least twelve months from the date of approval of the financial statements till 31 December 2024. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Authorised and Issued share capital

No ordinary shares were issued during the year ended 30 June 2023 (2022: Nil).

Authorised: 13,500,001 ordinary shares with a par value of GBP 1.
Issued: 13,500,001 ordinary shares with a par value of GBP 1.

Directors

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

| <u>Name</u> | <u>Nationality</u> |
|-------------|--------------------|
| NP Scott | United Kingdom |
| CM Botha | South African |

Directors' interest in contracts

The directors declare that they have no interests in contracts entered into by the Company with third parties.

Supplier payment policy

The Company does not follow a specific policy on the payment of suppliers. It agrees payment terms with its suppliers when it enters into purchase contracts and adheres to these arrangements providing it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Research and development activities

The Company does not engage in any research or development activities.

Ultimate holding company

The Company is a wholly owned subsidiary of Aspen Pharma Ireland Limited, an entity incorporated in the Republic of Ireland. Aspen Pharma Ireland Limited is wholly owned by Aspen Global Incorporated, ("AGI"), which is incorporated in Mauritius and wholly owned by Aspen Pharmacare Holdings Limited, a company incorporated in South Africa.

Post balance sheet events

There have been no significant events impacting the Company since the balance sheet date.

Disclosure of Information to auditor


Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:


- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Ernst and Young Chartered Accountants will continue in office in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 March 2024 and signed on its behalf by:


Electronically signed by: NP Scott
Position: Director
I am a director of the Company and have authorised the contents of this report.
Date: Mar 27, 2024 11:23:04 GMT+0
NP Scott
Director


Electronically signed by: CM Botha
Position: Director
I am a director of the Company and have authorised the contents of this report.
Date: Mar 27, 2024 11:23:04 GMT+0
CM Botha
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPEN PHARMACARE UK LIMITED

Opinion

We have audited the financial statements of Aspen Pharmacare UK Limited for the year ended 30 June 2023 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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.

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 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPEN PHARMACARE UK LIMITED (Continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPEN PHARMACARE UK LIMITED (Continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 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 (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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are International Financial Reporting Framework (IFRS), Companies Act 2006 and relevant tax compliance regulations in the UK.
- We understood how Aspen Pharmacare UK Limited is complying with those frameworks by making enquiries of management and those charged with governance. We corroborated our enquiries through reading the board minutes of the Company and we noted that there was no contradictory evidence.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by enquiry of management, those charged with governance and others within the entity, as to whether they have knowledge of any actual or suspected fraud. Where this risk was considered higher, we performed audit procedures to address the fraud risk. These procedures included testing manual journal entries and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPEN PHARMACARE UK LIMITED (Continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations and enquiries of management and those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Feargal De Freine
for and on behalf of Ernst & Young, Chartered Accountants and Statutory Auditor
Dublin, Ireland

28 March 2024

ASPEN PHARMACARE UK LIMITED
REGISTRATION NUMBER: 11411661

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

| | Notes | 2023 GBP'000 | 2022 GBP'000 |
|--------------------------------------|-------|-----------------|-----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 12 | 5 |
| Right-of-use assets | 7 | 152 | 303 |
| Goodwill | 8 | 2 157 | 2 157 |
| Deferred tax assets | 9 | 4 | 45 |
| Total non-current assets | | 2 325 | 2 510 |
| Current assets | | | |
| Inventories | 10 | 7 496 | 7 008 |
| Trade and other receivables | 11 | 5 447 | 6 221 |
| Cash and cash equivalents | 12 | 1 313 | 1 771 |
| Amounts due from group companies | 13 | 9 633 | 6 463 |
| Total current assets | | 23 889 | 21 463 |
| Total assets | | 26 214 | 23 973 |
| EQUITY AND LIABILITIES | | | |
| Shareholder's equity | | | |
| Share capital | 14 | 13 500 | 13 500 |
| Retained earnings | | 6 809 | 4 211 |
| Total shareholder's equity | | 20 309 | 17 711 |
| Non-current liabilities | | | |
| Lease liabilities | 15 | - | 154 |
| Total non-current liabilities | | - | 154 |
| Current liabilities | | | |
| Trade and other payables | 16 | 4 341 | 4 823 |
| Lease liabilities | 15 | 155 | 149 |
| Current tax liabilities | 21 | 1 328 | 702 |
| Amounts due to group companies | 13 | 81 | 434 |
| Total current liabilities | | 5 905 | 6 108 |
| Total liabilities | | 5 905 | 6 262 |
| Total equity and liabilities | | 26 214 | 23 973 |

Approved and authorised by the Board on 27 March 2024 and signed on its behalf by:

Nicholas Scott
Electronically signed by: Nicholas Scott
 Reason: The signature appears correct. This is the only / I have
 signed. I have signed the document at
 Date: 2024.03.27 12:04 GMT
Nicholas Scott

Chris Botha
Electronically signed by: Chris Botha
 Reason: The signature appears correct. This is the only / I have
 signed. I have signed the document at
 Date: 2024.03.27 11:26 GMT+2
Chris Botha

The notes on pages 14 to 31 form an integral part of these financial statements

ASPEN PHARMACARE UK LIMITED
REGISTRATION NUMBER: 11411661

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | 2023 GBP'000 | 2022 GBP'000 |
|-----------------------------------|-------|-----------------|-----------------|
| Revenue | 17 | 27 294 | 26 483 |
| Cost of sales | 18 | (20 894) | (18 362) |
| Gross profit | | 6 400 | 8 121 |
| Administrative expenses | 18 | (332) | (493) |
| Selling expenses | 18 | (2 856) | (2 992) |
| Other operating income/(expenses) | 18 | 143 | (573) |
| Operating profit | | 3 355 | 4 063 |
| Net finance costs | 20 | (90) | (68) |
| Profit before tax | | 3 265 | 3 995 |
| Tax charge | 21 | (667) | (664) |
| Profit after tax | | 2 598 | 3 331 |

There are no other comprehensive income adjustments, therefore total profit after tax for the year equals total comprehensive income.

The notes on pages 14 to 31 form an integral part of these financial statements

ASPEN PHARMACARE UK LIMITED
REGISTRATION NUMBER: 11411661

STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2023

| | Notes | 2023 GBP'000 | 2022 GBP'000 |
|---|-------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Cash used in operations | A | (298) | (3 196) |
| Tax paid | B | - | - |
| Cash used in operating activities | | <u>(298)</u> | <u>(3 196)</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (12) | - |
| Cash used in investing activities | | <u>(12)</u> | <u>-</u> |
| Cash flows from financing activities | | | |
| Repayment of lease liabilities | | (148) | (114) |
| Cash used in financing activities | | <u>(148)</u> | <u>(114)</u> |
| Movement in cash and cash equivalents | | (458) | (3 310) |
| Cash and cash equivalents at the beginning of the year | | 1 771 | 5 081 |
| Cash and cash equivalents at the end of the year | C | <u>1 313</u> | <u>1 771</u> |

The notes on pages 14 - 31 form an integral part of these financial statements.

ASPEN PHARMACARE UK LIMITED
REGISTRATION NUMBER: 11411661

NOTES TO THE STATEMENT OF CASH FLOWS
for the year ended 30 June 2023

| | Notes | 2023 GBP'000 | 2022 GBP'000 |
|--|-------|-----------------|-----------------|
| A Cash generated from operations | | | |
| Operating profit | | 3 355 | 4 063 |
| Adjusted for: | | | |
| Net finance costs | | (17) | (68) |
| Share-based payment expense | 19 | 47 | 49 |
| Impairment - receivables | 11 | - | 174 |
| Provision for impairment of inventories | 10 | 762 | 531 |
| Depreciation and amortisation | 6 & 7 | 156 | 132 |
| | | <u>4 303</u> | <u>4 881</u> |
| Changes in working capital | | (4 601) | (8 077) |
| Increase in inventories | | (1 250) | (693) |
| Decrease/(increase) in trade and other receivables | | 774 | (420) |
| (Decrease)/increase in trade and other payables | | (529) | 436 |
| Movements in amounts due from/to Group companies | | (3 596) | (7 400) |
| | | <u>(298)</u> | <u>(3 196)</u> |
| B Tax paid | | | |
| Amounts unpaid at the beginning of the year | | (657) | 7 |
| Per the statement of profit or loss and other comprehensive income | | (667) | (664) |
| Amounts unpaid at the end of the year | | 1 324 | 657 |
| Deferred tax assets | | (4) | (45) |
| current tax liabilities | | 1 328 | 702 |
| Tax refunded/(paid) | | - | - |
| C Cash and cash equivalents | | | |
| Bank balances | | <u>1 313</u> | <u>1 771</u> |

ASPEN PHARMACARE UK LIMITED
REGISTRATION NUMBER: 11411661

STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2023

| | Share capital GBP'000 | Retained earnings GBP'000 | Total GBP'000 |
|--------------------------------|--|--|--------------------------------|
| Balance at 1 July 2021 | 13 500 | 880 | 14 380 |
| Total comprehensive income | - | 3 331 | 3 331 |
| Balance at 30 June 2022 | 13 500 | 4 211 | 17 711 |
| Total comprehensive income | - | 2 598 | 2 598 |
| Balance at 30 June 2023 | 13 500 | 6 809 | 20 309 |

The notes on pages 14 - 31 form an integral part of these financial statements.

ASPEN PHARMACARE UK LIMITED
REGISTRATION NUMBER: 11411661

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
ACCOUNTING POLICIES
FOR YEAR ENDED 30 JUNE 2023

1 LEGAL STATUS AND ACTIVITIES

Aspen Pharmacare UK Limited ("the Company") is a limited liability company domiciled in the United Kingdom and incorporated on 12 June 2018. The company started trading on 1 January 2021. The Company is a wholly owned subsidiary of Aspen Pharma Ireland Limited, an entity incorporated in the Republic of Ireland. Aspen Pharma Ireland Limited is wholly owned by Aspen Global Incorporated, ("AGI"), which is incorporated in Mauritius and wholly owned by Aspen Pharmacare Holdings Limited, a company incorporated in South Africa. Copies of the Aspen Pharmacare Holdings Limited consolidated financial statements, in which the financial statements of the Company are included, are publicly available. The principal activity of the Company is to acquire pharmaceutical and over-the-counter products from Aspen Pharma Ireland Limited, and distribute them in the United Kingdom.

2 BASIS OF PREPARATION AND GOING CONCERN

The financial statements have been prepared in accordance with those International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparation, and applicable legislation. The financial statements have been prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value.

The Company generated a net profit of £2,752,000 (2022: £3,331,000) and negative cash flows of (£459,000) (2022: negative cash flows of £3,310,000), has a net asset position of £20,463,000 (2022: £17,711,000), and current assets of the Company exceed its current liabilities by £18,143,000 (2022: £15,355,000). Trading profits are expected in the foreseeable future. Therefore, after making enquiries, the Directors have a reasonable expectation that the Company will continue in operational existence for a period of at least twelve months from the date of approval of the financial statements till 31 December 2024.

Accordingly, the Directors adopt the going concern basis of accounting in preparing the annual report and financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 CONSOLIDATION

(i) Group financial statements

The consolidated financial statements of the parent can be obtained at Aspen Pharmacare Holdings Limited's registered office (6, Healthcare Park, Woodlands Drive, Woodmead, Sandton, 2196, Johannesburg, Gauteng, 2052) or its website <https://www.aspenpharma.com/results-and-reports>

3.2 FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the annual financial statements of the Company are measured using the functional currency of the primary economic environment in which the Company operates. The annual financial statements are presented in Pound Sterling, which is the functional and presentation currency of Aspen Pharmacare UK Limited. All amounts in the financial statements have been rounded to the nearest £1,000 unless otherwise stated.

(ii) Foreign currency transactions

Income and expenditure transactions are translated into the functional currency of the Company at the rate of exchange ruling at the transaction date. To the extent that transactions occur regularly throughout the year, they are translated at the average rate of exchange for the year since this is deemed to provide a reasonable approximation of the actual exchange rates prevailing at the dates on which those transactions occurred.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the Company at the rates of exchange ruling at year-end. Foreign exchange gains or losses resulting from the translation and settlement of monetary assets and liabilities are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges. Currency translation differences on non-monetary financial assets and liabilities such as derivative financial instruments are recognised in the statement of comprehensive income as part of the fair value gain or loss.

3.3 INVENTORIES

Recognition and measurement

The Company recognises inventories initially at cost when it has control of the inventories, expects them to provide future economic benefits and can reliably measure the cost. Cost is determined on the first-in-first-out basis. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Inventories are subsequently measured at the lower of cost and net realisable value. The carrying amounts of finished goods and work-in-progress include raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but exclude borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

A provision for obsolete inventories is established when there is evidence that no future economic benefits will be obtained for such inventories. The carrying amount of the inventories is reduced and the amount of the loss is recognised in the statement of comprehensive income within cost of sales.

Estimation of provision for obsolete inventory

Management is required to exercise significant judgement in estimating the provision for obsolete stock. Such judgement takes the following into account:

- change in technology;
- regulatory requirements; and
- stock nearing expiry dates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
ACCOUNTING POLICIES
FOR YEAR ENDED 30 JUNE 2023

3.4 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost

Historical cost includes expenditure that is directly attributable to the acquisition of the items, including borrowings costs on qualifying assets. The cost of self-constructed assets includes expenditure on materials, direct labour and an allocated proportion of project overheads. Costs capitalised for work-in-progress in respect of activities to develop, expand or enhance items of property, plant and equipment are classified as part of assets under capital work-in-progress. Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income in the period in which they are incurred.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in operating profit in the statement of comprehensive income. Costs directly attributable to major development projects of property, plant and equipment are capitalised to the asset.

Depreciation

Property, plant and equipment is depreciated to its estimated residual value on a straight-line basis over its expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year-end date.

Impairment

The Company reviews the carrying amount of its property, plant and equipment annually and if events occur which call into question the carrying amount of the assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's fair value less cost to sell 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 the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). Where the carrying amount exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

Significant judgements and estimates

Depreciation and residual values

The Company depreciates its assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product lifecycles and maintenance programmes. These depreciation rates represent management's current best estimate of the useful lives of these assets.

Significant judgement is applied by management when determining the residual values for property, plant and equipment. When determining the residual value the following factors are taken into account:

- external residual value information (if available); and
- internal technical assessments for complex plant and machinery.

Depreciation rates

Computer hardware: 1 - 4 years

Office equipment: 1 - 4 years

Furniture and fittings: 1 - 4 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

3.5 RIGHT-OF-USE ASSETS

Company's leasing activities

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

Recognition and measurement

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Depreciation

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined as the shorter of the asset's useful life and the lease term including options to extend and or terminate the lease if the Company is reasonably certain it will exercise the option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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3.5 RIGHT-OF-USE ASSETS continued

Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Company's business planning cycle, significance of related leasehold improvements and past history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A number of leases entitle both the Company and the lessor to terminate the lease without a termination penalty. In determining whether the Company has an economic incentive to not exercise the termination option, the Company considers the broader economics of the contract and not only contractual termination payments.

Lease and non-lease components

A number of lease contracts include both lease and non-lease components (e.g. maintenance, security, taxes etc.). The Company allocates the consideration in the contract to each lease and non-lease component based on their relative standalone prices. The standalone prices of each component are based on available market prices. The Company has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in the statement of comprehensive income as they are incurred.

Short-term leases and leases of low-value assets

The Company elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company defines low-value leases as those leases for which the value of the underlying asset when it is new is £3,450 or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Estimated useful life

Land and buildings

1 - 4 years

3.6 GOODWILL

Recognition and measurement

Goodwill on the acquisition of subsidiaries or businesses is capitalised and shown separately on the face of the statement of financial position and carried at cost less accumulated impairment losses. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Cost

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the acquisition date fair value of previously held equity interests and the fair value of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying amount of any related goodwill.

Impairment

Goodwill is not amortised but is tested for impairment annually. For the purposes of impairment testing, goodwill is allocated to the smallest CGU. Each of those CGUs represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Impairment testing is performed by comparing the value-in-use of the CGU to the carrying amount. Impairment testing is only performed on CGUs that are considered to be significant in comparison to the total carrying amount of goodwill.

Value-in-use

Key assumptions include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering a five-year period and are extrapolated over the useful life of the asset to reflect the long-term plans for the Group using the estimated growth rate for the specific business or product. The estimated future cash flows and discount rates used are pre-tax based on an assessment of the current risks applicable to the specific entity and country in which it operates.

Management determines the expected performance of the assets based on the following:

- an assessment of existing products against past performance and market conditions;
- an assessment of existing products against existing market conditions; and
- the pipeline of products under development, applying past experiences of launch success and existing market conditions.

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3.7 FINANCIAL INSTRUMENTS

Accounting policies applied from 1 July 2018

(i) *Classification*

The classification of financial assets and liabilities is dependent on the purpose for which the financial asset or liabilities were acquired or incurred.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Management determines the classification of its financial assets or liabilities at the time of initial recognition.

The Company has classified its financial assets and liabilities as those to be subsequently measured at amortised cost using the effective interest rate method with the exception of:

- derivative financial instruments, which have been classified as financial instruments to be subsequently measured at fair value through profit and loss; and
- equity investments, which have been classified as financial instruments to be subsequently measured at fair value through other comprehensive income.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and liabilities classified to be subsequently measured at amortised cost:

Measurement

At initial recognition, the Company measures financial assets and liabilities at fair value, except for trade receivables that do not contain a significant financing component and which are measured at the transaction price.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company reclassifies debt investments when and only when its business model for managing those assets changes. Gains and losses on derecognition of financial assets and liabilities are included in profit or loss with exception of equity instruments classified at fair value through other comprehensive income which are not recycled through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at fair value through profit or loss ("FVTPL"), which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial assets and liabilities classified to be subsequently measured at amortised cost:

Assets/liabilities that are held for collection/payment of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost. Interest income/expense from these financial assets/liabilities is included in other income/finance costs using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented separately in the notes to the financial statements.

The Company assesses on a forward looking basis the expected credit loss ('ECL') associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has two types of financial assets that are subject to the ECL model:

- Trade receivables (These are current receivables and therefore not long-term receivables where the simplified model cannot be applied.)
- Amounts due from group companies

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses an expected credit loss allowance/provision. IFRS 9 allows an entity to use a simplified "provision matrix" for calculating expected losses as a practical expedient for trade receivables, if consistent with the general principles for measuring expected losses. The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

To measure the expected credit losses, trade receivables and amounts due to group companies have been grouped based on shared credit risk profile and the days past due.

This provision is recognised through the use of an allowance account for losses. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses. When a trade receivable or amount due from group company is uncollectible, it is written off against the allowance account for losses.

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Trade receivables or amounts due from group company are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group for a period of greater than 180 days past due.

If, in a subsequent period, the amount of the impairment loss decreases, the reversal of the previously recognised impairment loss is credited against administrative expenses in the statement of comprehensive income.

3.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are initially measured at fair value and subsequently carried at amortised cost. For the purposes of the statement of financial position, cash and cash equivalents comprise bank balances. For the purposes of the statement of cash flows, cash and cash equivalents comprise bank balances.

3.9 SHARE CAPITAL

Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs.

3.10 SHARE-BASED COMPENSATION

The Company participates in the Aspen International Phantom Share Scheme, which is a cash-settled scheme under which the entity receives services from employees in exchange for cash based on changes in the Aspen share price. For cash-settled share awards, the services received from employees are measured at fair value and recognised in the statement of comprehensive income as an expense over the vesting period with recognition of a corresponding liability in trade and other payables. The fair value of the liability is remeasured at each reporting date and at the date of settlement, with changes in fair value recognised in the statement of comprehensive income.

3.11 IMPAIRMENT

The Company reviews the carrying amount of its tangible and intangible assets (except for inventories) annually and if events occur which call into question the carrying amount of the assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated, being the higher of the asset's fair value less cost to sell 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 the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). Where the carrying amount exceeds the estimated recoverable amount, such assets are written down to their recoverable amount. If any indication exists that the impairment loss may have decreased, the recoverable amount is recalculated and any reversal of impairment is recognised in the Statement of Comprehensive Income.

Impairment losses recognised for goodwill are not reversed in subsequent periods. Non-financial assets other than goodwill that have been impaired in past periods are reviewed for possible reversal of impairment at each reporting date. The Company assesses at each year end whether there is objective evidence that a financial asset or group of financial assets is impaired.

3.12 REVENUE

Recognition and measurement

Revenue net of trade discounts, distribution fees paid to independent wholesalers and excluding value added tax, comprises the total invoice value of goods, co-marketing fees and royalties and is derived from the supply of speciality, branded and generic pharmaceutical products to provide treatment for a broad spectrum of acute and chronic conditions.

Revenue is recognised based on the completion of performance obligations and an assessment of when control is transferred to the customer.

The following indicators are used by the Company in determining when control has passed to the customer:

- the Company has a right to payment for the product or service;
- the customer has legal title to the product;
- the Company has transferred physical possession of the product to the customer;
- the customer has the significant risk and rewards of ownership of the product; and
- the customer has accepted the product.

Revenue is measured based on the consideration specified in a contract with a customer and in compliance with legislated pricing in the various regulated markets.

The Company evaluates the following control indicators among others when determining whether it is acting as a principal or agent in the transactions with customers and recording revenue on a net basis:

- the Company is primarily responsible for fulfilling the promise to provide the specified goods or service;
- the Company has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; and
- the Company has discretion in establishing the price for the specified good or service, excluding pricing set according to regulations.

No significant element of financing is deemed present, other than on onerous contracts, as the sales are made with credit terms less than one year.

The main streams of revenue and the base of recognition are as follows:

Sale of goods

Revenue is recognised at a point in time when control of the pharmaceutical products supplied has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been dispatched to the specific location, the risks of obsolescence and loss have been transferred and the customer accepted the products in accordance with the sales contract. Revenue is recorded at the price specified in the contract in compliance with regulated pricing in regulated markets, net of discounts and value added tax. Revenue and receivables are recorded when control of the products are transferred, as this is the point in time that the consideration is unconditional as only the passage of time is required before payment is due.

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3.13 TAX

The tax expense comprises current tax, deferred tax and withholding taxes. The tax expense does not include taxes associated with amounts reflected in other comprehensive income, discontinued operations and equity. The tax associated with those amounts is reflected directly in other comprehensive income, discontinued operations or equity, respectively.

Current tax

The current tax charge is the tax that is expected to be payable on the profits generated during the year and any adjustments to the tax payable in respect of prior years. The current tax charge also includes provisions where it is likely that a tax authority may take a different position to the filing positions taken by the Company.

Deferred tax

The deferred tax charge is the tax that is expected to be payable in future or relief that is expected to materialise in future, applying the liability method. The deferred tax charge includes adjustments to the opening deferred tax balances to recognise tax filing adjustments and to adjust the statutory tax rate that is utilised for determining the opening deferred tax balance.

Withholding tax

Withholding tax is payable at varying rates on interest, management fees, licences and dividends which are declared.

3.14 DEFERRED TAX

Deferred tax is provided using the liability method, providing for temporary differences arising between the tax base and the accounting carrying amount of amounts reflected in the consolidated financial statements. Deferred tax is, however, not provided for temporary differences that arise from the initial recognition of an asset or liability where that transaction does not affect accounting and tax profits or losses. The only exception to this being when that asset or liability arises in terms of a business combination. Deferred tax is determined at tax rates that are enacted or substantively enacted at year-end and are expected to apply when that temporary difference reverses.

Deferred tax assets and liabilities are only offset to the extent that the balances are recoverable from the same tax authority and there is a legal right to offset them at settlement of those balances.

A deferred tax asset is recognised for unused tax losses or deductible temporary differences only to the extent that it is probable that taxable profits will arise in future against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date to ensure that the tax benefit will be realised. If it is determined that the tax benefit will not be realised, the deferred tax asset will be reversed.

4 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(i) International Financial Reporting Standards and interpretations effective for the first time for 30 June 2023 year-end

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/interpretation | Effective date | Impact |
|--|----------------|----------------------------|
| Reference to the Conceptual Framework (Amendments to IFRS 3) | 1 January 2022 | The impact is not material |
| Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) | 1 January 2022 | The impact is not material |
| Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) | 1 January 2022 | The impact is not material |
| AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter | 1 January 2022 | The impact is not material |

(ii) International Financial Reporting Standards and interpretations not yet effective

| Standard/interpretation | Effective date | Impact |
|---|----------------|------------------------------------|
| Definition of Accounting Estimates (Amendments to IAS 8) | 1 January 2023 | Unlikely to have a material impact |
| Classification of Liabilities as Current or Non-Current - Amendment to IAS 1 | 1 January 2024 | Unlikely to have a material impact |
| IFRS 17 Insurance Contracts | 1 January 2023 | Unlikely to have a material impact |
| Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) | 1 January 2023 | Unlikely to have a material impact |
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) | 1 January 2023 | Unlikely to have a material impact |
| Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 | 1 January 2024 | Unlikely to have a material impact |
| Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 | 1 January 2024 | Unlikely to have a material impact |

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5 SIGNIFICANT JUDGEMENTS AND ESTIMATES

The Company is often required to make estimates and assumptions regarding the future. The estimates will, by definition, rarely equal the actual results achieved. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below. Estimates and judgements are continually reassessed and are based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Depreciation and amortisation rates

The Company depreciates or amortises its assets over their estimated useful lives, as more fully described in the accounting policies for property, plant and equipment and intangible assets. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Significant judgement is applied by management when determining the residual values for intangible assets and property, plant and equipment. In the event of contractual obligations in terms of which a termination consideration is payable to the Company, management will apply a residual value to the intangible asset. When determining the residual value for property, plant and equipment, external residual value information (if available) are taken into account.

5.2 Impairment of assets

Property, plant and equipment is assessed for impairment at least on an annual basis, as more fully described in the accounting policy in respect of impairment. The future cash flows are assessed, taking into account forecast market conditions and the expected lives of these assets. The present value of these cash flows is compared to the current net asset value.

5.3 Determination of net realisable value of inventories

Net realisable value is the estimate of the selling price of inventories in the ordinary course of business, less the costs of completion and applicable variable selling expenses. Management is required to exercise considerable judgement in the determination of this estimate, specifically relating to the forecasting of demand.

Management is also required to exercise significant judgement in estimating the provision for obsolete stock. Such judgement would take into account the following:

- Change in technology;
- Regulatory requirements; and
- Stock nearing expiry dates.

5.4 Allowance account for losses

A significant degree of judgement is applied by management when considering whether a debtor is recoverable or not. The following factors are taken into account when considering whether a debtor is impaired:

- Default of payments;
- History of the specific customer with the Company;
- Credit terms specific to the customer; and
- General economic conditions.

5.5 Fair value determination

The carrying values of financial assets and liabilities with a maturity of less than 1 year are assumed to approximate their fair values.

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

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| | Computer equipment GBP'000 | Furniture and fittings GBP'000 | Office equipment GBP'000 | Total GBP'000 |
|--|----------------------------------|--------------------------------------|--------------------------------|------------------|
| 6 Property, plant and equipment | | | | |
| 2023 | | | | |
| Carrying amount | | | | |
| Cost | 23 | - | 7 | 30 |
| Accumulated depreciation | (11) | - | (7) | (18) |
| | <u>12</u> | <u>-</u> | <u>-</u> | <u>12</u> |
| Movement in property, plant and equipment | | | | |
| Carrying amount at the beginning of the year | 5 | - | - | 5 |
| Additions | 11 | - | 1 | 12 |
| Depreciation | (4) | - | (1) | (5) |
| | <u>12</u> | <u>-</u> | <u>-</u> | <u>12</u> |
| 2022 | | | | |
| Carrying amount | | | | |
| Cost | 12 | 42 | 6 | 60 |
| Accumulated depreciation | (7) | (42) | (6) | (55) |
| | <u>5</u> | <u>-</u> | <u>-</u> | <u>5</u> |
| Movement in property, plant and equipment | | | | |
| Carrying amount at the beginning of the year | - | - | - | - |
| Additions | 9 | 12 | 2 | 23 |
| Depreciation | (4) | (12) | (2) | (18) |
| | <u>5</u> | <u>-</u> | <u>-</u> | <u>5</u> |

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| | 2023 GBP'000 | 2022 GBP'000 |
|--|-----------------|-----------------|
| 7 Right-of-use assets | | |
| Cost | 303 | 303 |
| Accumulated depreciation | <u>(151)</u> | <u>-</u> |
| | <u>152</u> | <u>303</u> |
| Movement in right-of-use assets | | |
| Carrying amount at the beginning of the year | 303 | 114 |
| Additions | - | 303 |
| Depreciation | <u>(151)</u> | <u>(114)</u> |
| | <u>152</u> | <u>303</u> |
| <i>Commitments</i> | | |
| The Company does not have any short-term or low-value leased assets which would need to be expensed in terms of IFRS 16 – Leases | | |
| <i>Amount recognised on the statement of comprehensive income</i> | | |
| Depreciation of right-of-use assets | (151) | (114) |
| Interest expense | <u>(9)</u> | <u>(2)</u> |
| | <u>(160)</u> | <u>(116)</u> |
| <i>Amount recognised on the statement of cash flows</i> | | |
| Interest paid | (9) | (2) |
| Repayment of lease liabilities | <u>(148)</u> | <u>(114)</u> |
| | <u>(157)</u> | <u>(116)</u> |
| <i>Other disclosures</i> | | |
| No right-of-use asset was pledged or committed as security for any borrowings. | | |

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| | 2023 GBP'000 | 2022 GBP'000 |
|--|-----------------|-----------------|
| 8 Goodwill | | |
| <i>Carrying amount</i> | | |
| Cost | 2 157 | 2 157 |
| Impairment | - | - |
| | <u>2 157</u> | <u>2 157</u> |
| <i>Movement in goodwill</i> | | |
| Carrying amount at the beginning of the year | 2 157 | 2 157 |
| Additions | - | - |
| Impairment | - | - |
| | <u>2 157</u> | <u>2 157</u> |
| 9 Deferred tax | | |
| <i>Reconciliation of balance</i> | | |
| Balance at the beginning of the year | 45 | 9 |
| Statement of comprehensive income (debit)/credit | (41) | 36 |
| | <u>4</u> | <u>45</u> |
| <i>The statement of comprehensive income charge comprises:</i> | | |
| Property, plant and equipment | 1 | 3 |
| Right-of-use assets | 3 | 17 |
| Provisions and accruals | 4 | - |
| Other receivables and payables | (31) | 16 |
| Foreign exchange differences | (18) | - |
| | <u>(41)</u> | <u>36</u> |
| <i>Deferred tax balance comprises:</i> | | |
| Property, plant and equipment | 5 | 3 |
| Right-of-use assets | 12 | 28 |
| Provisions and accruals | 18 | - |
| Other receivables and payables | (13) | 14 |
| Foreign exchange differences | (18) | - |
| | <u>4</u> | <u>45</u> |
| 10 Inventories | | |
| Finished goods | 8 389 | 7 214 |
| Less: Provision for impairment | (893) | (206) |
| | <u>7 496</u> | <u>7 008</u> |
| No inventories were pledged as security or otherwise encumbered during the year. All inventories are carried at the lower of cost or net realisable value. A provision was raised in the current year for slow moving stock, and a provision for slow moving inventories is included within cost of sales. | | |
| <i>Reconciliation of provision for impairment</i> | | |
| Balance at the beginning of the year | 206 | 189 |
| Raised during the year | 762 | 531 |
| Utilised during the year | (75) | (514) |
| Balance at the end of the year | <u>893</u> | <u>206</u> |

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| | 2023 GBP'000 | 2022 GBP'000 |
|---------------------------------------|------------------|------------------|
| 11 Trade and other receivables | | |
| <i>Summary of balance</i> | | |
| Trade receivables | 5 360 | 6 252 |
| Allowance account for losses | <u>(59)</u> | <u>(174)</u> |
| <i>Net trade receivables</i> | <u>5 302</u> | <u>6 078</u> |
| Prepayments | 60 | 70 |
| Advances | <u>27</u> | <u>73</u> |
| <i>Total other receivables</i> | <u>87</u> | <u>143</u> |
| Total trade and other receivables | <u>5 389</u> | <u>6 221</u> |
| <i>Split of balance</i> | | |
| Financial instruments | 5 301 | 6 078 |
| Non-financial instruments | <u>87</u> | <u>143</u> |
| | <u>5 389</u> | <u>6 221</u> |

Credit risk

The Company has policies in place to ensure that sales of products are made to customers with a solid credit history. Ongoing credit evaluations on the financial condition of customers are performed and where appropriate credit guarantee insurance cover is purchased. There is no significant concentration of credit risk. Amounts past their due dates which are not provided for are considered to be recoverable. Impairment losses are recorded in the allowance account for losses until the Company is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off against the financial asset.

The ageing analysis of trade receivables (financial instruments only) is as follows:

| | Fully performing | Past due by 1 - 30 days | Past due by 31 - 90 days |
|---|---------------------|----------------------------|-----------------------------|
| 2023 | | | |
| Gross trade receivables | 5 419 | - | - |
| Specific provisions - 100% unrecoverable [^] | - | - | - |
| Gross trade receivables net of specific provision | <u>5 419</u> | - | - |
| Expected credit loss provision* | <u>(59)</u> | - | - |
| | <u>5 360</u> | - | - |
| | | | |
| 2022 | Fully performing | Past due by 1 30 days | Past due by 31 - 90 days |
| Gross trade receivables | 6 252 | - | - |
| Specific provisions - 100% unrecoverable [^] | - | - | - |
| Gross trade receivables net of specific provision | <u>6 252</u> | - | - |
| Expected credit loss provision* | <u>(174)</u> | - | - |
| | <u>6 078</u> | - | - |

[^] Specific provisions are raised when there is objective evidence that the amount outstanding will no longer be received in full.

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11 Trade and other receivables continued

* The expected credit loss provision is 1% (2022:3%) of gross trade receivables and is calculated based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history and existing market conditions. The significant changes in trade and other receivables are disclosed above and credit risk exposure is disclosed further below.

The pharmaceutical sector has a low impairment risk profile of trade receivables as medicines are essential for ensuring the health of patients and non-payment of debts owing (and subsequent postponement of future medicine supply) would endanger the health and safety of patients and damage the reputation of both private and public sector customers. Based on historical experience, the expected credit loss risk only proportionately increases after the >180 day past due period.

Other financial instruments were assessed and the impact of expected credit losses is immaterial.

Trade receivables consist of a number of customers in the healthcare industry in both the public and private market. The credit terms generally range from 30 to 90 days with the exception of certain distributors who have terms that are linked to stock turnover levels which are within industry norms. The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, trade receivables that have similar credit risk profiles have been grouped and assessed on a collective basis as they possess shared credit risk characteristics. They have further been grouped based on the days past due.

Management have also considered the potential implications of COVID-19 in the assessment of the allowance account for losses. The Company has identified the customer's liquidity and solvency status, and the ongoing trading ability of the customers to which it sells its goods to be the most relevant factors. The impact of forward looking information has been taken into account to determine the ECL provision in the current year of nil.

Currency analysis of trade and other receivables (financial instruments only)

British Pound Sterling

| | 2023 | 2022 |
|--|---------|---------|
| | GBP'000 | GBP'000 |
| | 5 301 | 6 078 |

12 Cash and cash equivalents

Summary of balance

Bank balances

| | | |
|--|-------|-------|
| | 1 313 | 1 771 |
|--|-------|-------|

The maturity profile of all cash and cash equivalent balances is less than 1 month. No interest is earned on bank balances.

Currency analysis for cash and cash equivalents is as follows:

British Pound

| | | |
|--|-------|-------|
| | 1 313 | 1 771 |
|--|-------|-------|

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| | 2023 GBP'000 | 2022 GBP'000 |
|---|-----------------|-----------------|
| 13 Amounts due from / (to) group companies | | |
| <i>Amounts due from group companies</i> | | |
| Aspen Global Incorporated | 211 | 40 |
| Aspen Pharma Trading Limited | 9 | 27 |
| Aspen Germany GmbH | 17 | - |
| Aspen France SAS | 17 | - |
| Aspen Pharma Schweiz GmbH | 348 | - |
| Aspen Pharmacare Holdings Limited | 282 | - |
| Aspen Finance (Pty) Limited | 8 539 | 6 369 |
| Aspen Pharma Ireland Limited | - | 27 |
| Aspen Healthcare FZ LLC | 199 | - |
| Aspen Pharmacare Espana SL | 11 | - |
| | <u>9 633</u> | <u>6 463</u> |

The amounts due from Group companies, mainly comprise of:

- Amount held in cash pool with a related party (Aspen Finance (Pty) Ltd.). These balances are interest bearing and earn a varying margin depending on the Euro Overnight Index Average (EONIA) market rates.
- Other receivable balances represent services rendered by the Company to related parties and cost recovery. These balances are unsecured, non interest bearing and receivable as per agreed terms within twelve months of the balance sheet date.

Amounts due to group companies

| | | |
|-----------------------------------|-------------|--------------|
| Aspen Germany GmbH | (25) | - |
| Aspen Healthcare FZ LLC | - | (12) |
| Aspen Pharmacare Holdings Limited | (18) | (10) |
| Aspen Pharma Ireland Limited | (38) | (412) |
| | <u>(81)</u> | <u>(434)</u> |

The amounts due to Group companies, represent payable towards services rendered by related parties and recovery of expenditure. These balances are unsecured, non interest bearing and payable as per agreed terms within twelve months of the balance sheet date.

14 Share capital

Authorised

| | | |
|----------------------------|---------------|---------------|
| 13 500 001 ordinary shares | <u>13 500</u> | <u>13 500</u> |
|----------------------------|---------------|---------------|

Issued

| | | |
|----------------------------|---------------|---------------|
| 13 500 001 ordinary shares | <u>13 500</u> | <u>13 500</u> |
|----------------------------|---------------|---------------|

Reconciliation of number of shares issued:

| | | |
|--|-------------------|-------------------|
| Shares in issue at the beginning of the year | 13 500 001 | 13 500 001 |
| Issue of shares - ordinary shares | - | - |
| | <u>13 500 001</u> | <u>13 500 001</u> |

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15 Lease liabilities

Currency analysis and maturity profile of total borrowings

| | 2023 | | | 2022 | | |
|-------------------|---------------|---------------------|---------|---------------|---------------------|---------|
| | Within 1 year | Between 2 - 5 years | Total | Within 1 year | Between 2 - 5 years | Total |
| | GBP'000 | GBP'000 | GBP'000 | GBP'000 | GBP'000 | GBP'000 |
| Lease liabilities | 155 | - | 155 | 149 | 154 | 303 |

| | 2023 GBP'000 | 2022 GBP'000 |
|--------------------------------------|-----------------|-----------------|
| <i>Reconciliation of balance</i> | | |
| Balance at the beginning of the year | 303 | 114 |
| Repayment of lease liabilities | (148) | (114) |
| Lease liabilities capitalised | - | 303 |
| | <u>155</u> | <u>303</u> |
| <i>Split of balance</i> | | |
| Non-current liabilities | - | 154 |
| Current liabilities | <u>155</u> | <u>149</u> |
| | <u>155</u> | <u>303</u> |

16 Trade and other payables

Financial instruments

| | | |
|-----------------------------|--------------|--------------|
| Trade payables | 1 529 | 1 649 |
| Accrued expenses | 1 497 | 1 661 |
| Total financial instruments | <u>3 026</u> | <u>3 310</u> |

Non-financial instruments

| | | |
|---------------------------------|--------------|--------------|
| Sundry creditors | - | 110 |
| VAT payable | 1 169 | 1 227 |
| Leave pay | 30 | 31 |
| Audit fee accrual | 50 | 72 |
| Other employee accruals | 6 | 6 |
| Provision for deferred bonus | 60 | 67 |
| Total non-financial instruments | <u>1 315</u> | <u>1 513</u> |

Total trade and other payables

| | |
|--------------|--------------|
| <u>4 341</u> | <u>4 823</u> |
|--------------|--------------|

The following related party balances are included in trade payables:

| | | |
|------------------------------|--------------|--------------|
| Aspen Pharma Ireland Limited | 1 529 | 1 649 |
| | <u>1 529</u> | <u>1 649</u> |

The amount owing to related parties, bears no interest and is payable 60 days net of invoice. The balance is classified within trade payables as it relates to stock purchases in respect of the core trading activity of the Company. All other non-trading related party balances are classified as amounts due to group companies.

Currency analysis for trade and other payables (financial instruments only):

| | | |
|------------------------|--------------|--------------|
| British Pound Sterling | 1 551 | 1 661 |
| Euro | 1 475 | 1 649 |
| | <u>3 026</u> | <u>3 310</u> |

17 Revenue

| | | |
|---------------|---------------|---------------|
| Sale of goods | <u>27 294</u> | <u>26 483</u> |
|---------------|---------------|---------------|

18 Expenses by nature

| | | |
|---|---------------|---------------|
| Cost of inventory | 18 968 | 17 831 |
| Personnel costs and other staff related costs | 1 468 | 1 402 |
| Audit fees | 157 | 54 |
| Advertising and marketing expenses | 325 | 325 |
| Depreciation and amortisation | 156 | 132 |
| Transport and warehousing costs | 839 | 809 |
| Regulatory expenses | 24 | 9 |
| Impairment charges | 762 | 705 |
| Legal and consulting fees | 280 | 245 |
| Restructuring costs | - | 37 |
| Other | 960 | 871 |
| | <u>23 939</u> | <u>22 420</u> |

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| | 2023 GBP'000 | 2022 GBP'000 |
|---|-----------------|-----------------|
| 18 Expenses by nature (continued) | | |
| <i>Classified as:</i> | | |
| Cost of sales | 20 894 | 18 362 |
| Administrative expenses | 332 | 493 |
| Selling expenses | 2 856 | 2 992 |
| Other operating (income)/expenses | (143) | 573 |
| | <u>23 939</u> | <u>22 420</u> |
| 19 Staff costs | | |
| Salaries and wages | 1 084 | 1 025 |
| Social security | 46 | 182 |
| Pension contributions | 291 | 146 |
| Share-based compensation | 47 | 49 |
| | <u>1 468</u> | <u>1 402</u> |
| <i>Classified as:</i> | | |
| Administrative expenses | 47 | 70 |
| Selling expenses | 1 421 | 1 332 |
| | <u>1 468</u> | <u>1 402</u> |
| Total number of full-time employees at year-end | 13 | 15 |
| 20 Net finance costs | | |
| Unrealised profit and loss from debtors, creditors and cash | (10) | 20 |
| Realised foreign exchange losses from debtors, creditors and cash | (108) | (136) |
| Interest on lease liability | (9) | (2) |
| Interest received from amounts due by Group companies | 84 | - |
| Realised foreign exchange gain from intergroup balances | 26 | 36 |
| Unrealised foreign exchange gain from intergroup balances | (73) | 14 |
| | <u>(90)</u> | <u>(68)</u> |
| 21 Tax | | |
| Current tax - current period | (626) | (700) |
| Deferred tax - current period (Refer to Note 9) | (41) | 36 |
| | <u>(667)</u> | <u>(664)</u> |
| <i>Reconciliation of income tax rate</i> | | |
| Statutory tax rate | 20.50% | 19.00% |
| Non-taxable income | 0.00% | (2.40%) |
| Non-deductible expenses | (0.06%) | 0.00% |
| Deferred Tax expense -movement in rate change | (0.01%) | 0.00% |
| Effective tax rate | <u>20.43%</u> | <u>16.60%</u> |

Change in company tax rate

From 1 April 2023, the main corporation tax rate in the UK was increased from 19% to 25%. The corporation tax rate for FY 2023 was calculated using a blended tax rate of 20.5%, based on an apportionment of the tax rates applicable during the accounting period.

22 Related party transactions and balances

The Company has related party relationships with its holding company and fellow subsidiaries.

Related parties include the parent company, ultimate parent company, fellow subsidiaries, associates, businesses controlled by the shareholder or over which they exercise a significant management influence and key management personnel. The amounts due from/(to) group companies result from the sale and purchase of goods and services and recharges of certain expenses to and from related parties in the ordinary course of business. These transactions have been concluded on terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions, and are all unsecured.

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| | 2023 GBP'000 | 2022 GBP'000 |
|--|-----------------|-----------------|
| 22 Related party transactions and balances (continued) | | |
| Transactions with key management personnel | | |
| <i>The key management personnel compensation is as follows:</i> | | |
| Directors' emoluments | 251 | 228 |
| Benefits under long term incentive schemes | 40 | 43 |
| Contributions to retired benefit schemes - defined contribution plan | 33 | 23 |
| Total key management remuneration paid | <u>324</u> | <u>294</u> |
| Number of employees included above | <u>1</u> | <u>1</u> |

Balances with related parties

Refer to notes 13 and 16 for details of balances with related parties.

Transactions with related parties

Transactions with the group companies

Recharges (received) / paid

| | | |
|---------------------------------|--------------|------------|
| Aspen Pharmacare Holdings Ltd | (162) | 65 |
| Aspen Healthcare FZ LLC | 63 | 254 |
| Aspen Pharma Ireland Limited | 147 | 216 |
| Aspen Germany GmbH | 8 | - |
| Aspen Pharmacare Espana, S.L.U. | (11) | - |
| Aspen France SAS | (17) | - |
| Aspen Pharma Trading Limited | (170) | - |
| | <u>(142)</u> | <u>535</u> |

Recharges are included within administrative expenses or other operating income on the statement of profit or loss and other comprehensive income.

23 Financial risk management

23.1 Introduction

The Company does not trade in financial instruments, but in the ordinary course of business operations, the Company is exposed to a variety of financial risks arising from the use of financial instruments. These risks include:

- liquidity risk;
- credit risk; and
- market risk (comprising foreign currency risk)

23.2 Financial instruments by category

At amortised cost
GBP'000

2023

Financial assets

| | |
|--|---------------|
| Cash and cash equivalents | 1 313 |
| Trade and other receivables (financial instruments only) | 5 301 |
| Amounts due from group companies | 9 633 |
| Total assets | <u>16 246</u> |

Financial liabilities

| | |
|---|----------------|
| Trade and other payables (financial instruments only) | (3 026) |
| Amounts due to group companies | (81) |
| Total liabilities | <u>(3 107)</u> |
| Net assets | <u>13 137</u> |

At amortised cost
GBP'000

2022

Financial assets

| | |
|--|---------------|
| Cash and cash equivalents | 1 771 |
| Trade and other receivables (financial instruments only) | 6 078 |
| Amounts due from group companies | 6 463 |
| Total assets | <u>14 312</u> |

Financial liabilities

| | |
|---|----------------|
| Trade and other payables (financial instruments only) | (3 310) |
| Amounts due to group companies | (434) |
| Total liabilities | <u>(3 744)</u> |
| Net assets | <u>10 568</u> |

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23 Financial risk management (continued)

23.3 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's operations utilise various foreign currencies (i.e. currencies other than the operating functional currency) in respect of sales, amounts due to group companies and cash and cash equivalents, and consequently the Company is exposed to exchange rate fluctuations that have an impact on cash flows. Foreign currency risks are managed through the Company's financing policies.

The Company has used a sensitivity analysis technique that measures the estimated change to the statement of profit or loss and other comprehensive income of an instantaneous 10% strengthening or weakening of the British Pound Sterling against relevant foreign exchange rates from the rate applicable at 30 June, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, as, in practice, market rates rarely change in isolation.

The analysis considers the impact of changes in foreign exchange rates on profit or loss.

The analysis has been performed on the basis of the change occurring at the start of the reporting period and assumes that all other variables, in particular interest rates, remain constant.

A change in foreign exchange rates to which the Company is exposed at the reporting date would have increased / (decreased) total profit before tax by the amounts shown below.

| | Change in exchange rate % | Weakening in functional currency GBP'000 | Strengthening in functional currency GBP'000 |
|-----------------------------|---------------------------------|---|---|
| 30 June 2023 | | | |
| <i>Denominated currency</i> | | | |
| Euro | 10 | 674 | (674) |
| South African Rand | 10 | 1 | (1) |
| United States Dollar | 10 | 18 | (18) |
| | | <u>693</u> | <u>(693)</u> |
| | Change in exchange rate % | Weakening in functional currency GBP'000 | Strengthening in functional currency GBP'000 |
| 30 June 2022 | | | |
| <i>Denominated currency</i> | | | |
| Euro | 10 | 192 | (192) |
| South African Rand | 10 | 1 | (1) |
| United States Dollar | 10 | 1 | (1) |
| | | <u>194</u> | <u>(194)</u> |

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23 Financial risk management (continued)

23.4 Credit risk

Credit risk, or the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations, is managed by the application of credit approvals, limits and monitoring procedures. Counterparty credit limits are in place and are reviewed and approved by management. Credit risk primarily arises from trade and other receivables and cash and cash equivalents. The Company's maximum amount of credit exposure is represented by the carrying amount of these financial assets.

Credit risk primarily arises from cash and cash equivalents and trade and other receivables. The Company's maximum exposure to credit risk is represented by the carrying amount of these financial assets.

Cash and cash equivalents

Bank balances are held with reputable banks with credit ratings. Management does not expect any losses from non-performance by these counterparties. Bank credit ratings are shown below:

| | 2023 GBP'000 | 2022 GBP'000 |
|--------------------|-----------------|-----------------|
| <i>Bank rating</i> | | |
| A+ | 1 313 | 1 771 |

Trade and other receivables

The Company has policies in place to ensure that sales of products are made to customers with a solid credit history. On-going credit evaluations on the financial condition of customers are performed. The granting of credit is controlled by application and account limits. Trade and other receivables are carefully monitored for impairment.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

24 Contingent liabilities

As at 30 June 2023, the Company has no material litigation claims outstanding, pending or threatened against, which could have a material effect on the Company's financial position or results of operations.

25 Events after the reporting period

No event that is material to the understanding of these annual financial statements has occurred between the year-end and the date of this report.