

BAP Pharma Group Limited

Financial Statements

31 December 2022



BRIAN PAUL LIMITED

Chartered Accountants & Statutory Auditors
Chase Green House
42 Chase Side
Enfield
Middlesex
EN2 6NF

BAP Pharma Group Limited

Financial Statements

Year ended 31 December 2022

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	8
Independent auditor's report to the members	10
Consolidated statement of income and retained earnings	16
Company statement of income and retained earnings	17
Consolidated statement of financial position	18
Company statement of financial position	19
Consolidated statement of cash flows	20
Notes to the financial statements	21

BAP Pharma Group Limited

Officers and Professional Advisers

The board of directors

Dr B A Parker
Mrs N Parker

Registered office

Medina House
Globe Business Park
Fieldhouse Lane
Marlow
England
SL7 1TB

Auditor

Brian Paul Limited
Chartered Accountants & Statutory Auditors
Chase Green House
42 Chase Side
Enfield
Middlesex
EN2 6NF

BAP Pharma Group Limited

Strategic Report

Year ended 31 December 2022

Review of the business

BAP Pharma Group Limited presents for 2022, a fair, balanced, and comprehensive review of the development and performance of our business. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties of the company.

The principal activities continue to centre around the purchase and supply of comparator drugs for clinical trial. The group is becoming a global leader, known for our outstanding customer service and expertise within the market.

In 2022 our UK business delivered another set of strong results, continuing the trend of previous years and further building the brand equity of BAP Pharma. We continue to invest across the business in new facilities and staff, demonstrating the group's commitment to the future success and growth of BAP Pharma.

Our German business continued its strong growth trend in 2022 with sales growing at 38%, predominantly driven by growth within existing customers. 2022 was the third full year of the German business, with facilities and employees now fully established to diversify into Secondary Packaging and Labelling division in 2023. This will mark an important point in the business' development, further expanding BAP's service offerings within the comparators market.

2022 demonstrated a strong performance in our US business with sales growing 120%, driven by growth in our existing customer base and successfully bringing in new customers through BAP's commitment to delivering unrivalled service. In 2022 BAP's management made the decision to relocate our US facility, reflecting the need for larger facilities to support the continued growth of the business along with establishing facilities to launch our Secondary Packaging and Labelling division in 2023.

BAP delivers on its promises to customers, the foundation of our business, by dealing only with the most reputable partners and employing a policy of absolute honesty. We employ a bespoke sourcing strategy where we work with our suppliers in a consultative and strategic manner to identify the optimal supply route. Being able to obtain and provide key documentation is central to our business model.

The group's status as an ethnic minority business leads our ethos of equality and diversity.

We consider that the key financial indicators are those that communicate the financial performance and strength of the company, namely sales, gross profit, operating profit, and the value of net assets.

BAP Pharma Group Limited

Strategic Report *(continued)*

Year ended 31 December 2022

Principal risk and uncertainties

The group is subject to various risks that may adversely impact overall profits, including currency, political, and regulatory. The group is subject to foreign exchange risks when purchasing and selling overseas, not only within the Eurozone, but also worldwide. It is crucial that we adhere to specific laws and regulations as laid down by MHRA, and tax authorities in the jurisdictions in which the group operates.

Exposure to price, credit, liquidity, and cash flow risk

Price risk arises on financial instruments because of changes in for example, commodity price, or equity prices. The group deals with pharmaceutical products which are not usually exposed to price risk. The group does not have any listed investment and will not be affected by price risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of group debtors are shown in note 17 of the financial statements.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate liquidity risk by managing cash received by customers. The group manages liquidity risks via revolving credit facilities and trade loans.

Cash flow risk is the risk of exposure to variability in cash flow that is attributable to a particular risk associated with a recognised asset or liability such as future interest payment on a variable rate debt. The group is not exposed to such risk as trade loan percentages are fixed for a short period of time, typically less than 3 months.

The group operates a foreign exchange risk hedging policy to reduce the exposure of operating income to fluctuations in foreign currencies. To mitigate these fluctuations, the group contracts economic hedges using liquid financial instruments such as forward purchases and sales of currency

BAP Pharma Group Limited

Strategic Report *(continued)*

Year ended 31 December 2022

Key performance indicators

Given the straight forward nature of the business, the group's directors are of the opinion that analysis of KPIs is not necessary for an understanding of the development, performance, or position of the business. At the end of the financial year the group had one female and one male director, two female and four male senior managers, and thirty-one female and thirty male employees.

Promoting the success of the business

BAP Pharma UK Limited is a major subsidiary of the group and has been nominated for a number of awards, including being ranked in the 'Sunday Times fast track 200' fastest growing UK companies 2020, and the European business awards 'ones to watch'. We were also listed 11th in the Sunday Times profit track 100 companies and 24th in the Alantra Pharma Times Fast 50 Awards.

In The Business Magazine's 12th annual Thames Valley 250 awards, BAP ranked 70th in terms of turnover, and were also recognised and rewarded with the Special Recognition Award for 2021.

The TV250 judge commented that "We were very impressed with their overall strategy and leadership quality and skills were demonstrated across the business. In a highly compliant and regulated industry, they demonstrated a clear vision to build trust with their customers and look for solutions with customer excellence as their end goal."

We actively promote our success through our Linked-in profile and dedicated PharmiWeb pages as well as local press/publications, and on our website.

In 2022 we were active in promoting BAP at a number of congresses and conferences to further broaden our customer base and actively participate within the Comparator industry. Key conferences and congresses attended included the ISPE Europe Annual Conference, IQPC Clinical Trial Supply Forum, Clinical Trial Innovation Programme and Informa Clinical Trials Europe.

The consequences of our long-term decisions

The long-term decisions the group make, impact on our growth as a group, and the growth of the Clinical Development arena, within which we are a key resource for our clients whether this be through successful delivery of product in record time to a clinical trial site, or recruitment as we expand our workforce to enable us to deliver on the demands for our customers. The decisions enable us to expand our service offerings and ensure we can deliver on our promise to our clients.

Looking after the interests of employees

The group has personal and professional development plans for employees which ensure the development and growth of their careers. We encourage healthy living and take part in 'challenges' which encourage people to get active, whether this is a steps challenge or something more physical. We have several policies in place which look after the health and wellbeing of our employees, for example an employee assistance programme. We have a pension scheme in place for all employees to support them in their retirement. As we continue to grow, we will review and implement new initiatives to ensure we are looking after the ongoing careers of our employees and the health and wellbeing of all our employees.

Financial position at the reporting date

The group balance sheet shows that the net assets at the year-end have increased from £36m to £49m. The results for the year and the financial position at the year-end are considered satisfactory by the directors who expect continued growth in the foreseeable future despite the challenges that lie ahead.

BAP Pharma Group Limited

Strategic Report *(continued)*

Year ended 31 December 2022

Development and financial performance during the year

In 2022, group revenues increased by 47% to £342m compared to £232m in 2021; the gross profit margin remains the same as last year (2021: reduced by 2%) giving gross profit of £24.9m (21: £17.4m). Our capabilities remain ahead of current demand and are sustainable for future growth.

The directors are once again pleased with the levels of consolidation and consequent improvement in the balance sheet.

Future considerations

We continue to acquire new customers, seek out new suppliers, and operate in new markets.

For the future the directors see longer payment terms and lower margins causing pressure on cash flow but are confident that with the improvements referred to above the company can continue to increase shareholder value whilst offering the top class branded BAP product and service to its clients.

Fostering business relationships

We encourage all employees to have a partnership approach with their existing customers. We attend networking events to engage with new and potential customers to promote our services. We attend relevant congresses and symposiums to extend our Global reach and harness our promise delivered approach. We also use existing clients to act as an ambassador for us and through word of mouth with their networks extend our business relationships.

Impact on the environment

The group take its corporate social responsibility very seriously and ensure that in everything we do we consider the environment. We rely on service providers for the transport of our products to our customers and work with them to encourage them to monitor improve and review their impact on the environment. In our offices we have the facilities to recycle wherever possible, ensure we are energy efficient and have installed an electric vehicle charging point in the UK which encourages employees to drive electric vehicles. We are proud to have achieved the gold award for Ecovadis, ranking BAP within the top 5% of over 100,000 companies tested. The Ecovadis award recognises how BAP Pharma is implementing actions and policies aligned with its sustainability ambitions. The EcoVadis' methodology covers seven management indicators, across 21 sustainability criteria, in four themes: Environment, Labour & Human Rights, Ethics, and Sustainable Procurement.

BAP Pharma Group Limited

Strategic Report *(continued)*

Year ended 31 December 2022

Section 172(1) statement

The board of directors of BAP Pharma Group Limited must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a group & company must act in the way they consider, in good faith, would be most likely to promote the success of the group & company for the benefit of its shareholders, as a whole and, in doing so have regard (amongst other matters) to: (a) The likely consequences of any decision in the long term; (b) The interests of the group's employees;

(c) The need to foster the group's business relationships with suppliers, customers and others; (d) The impact of the group's operations on the community and the environment; (e) The desirability of the group maintaining a reputation for high standards of business conduct; and (f) The need to act fairly as between members of the group

The board is fully aware of its duty under section 172(1) of the Companies Act 2006 to promote the success of the group for the benefit of its members. The board is aware of all stakeholder interests, and as such takes a long-term view in reaching key decisions, and when taking decisions, the board looks to act in the interests of the stakeholders and to ensure all stakeholders are treated fairly.

The following paragraphs outline how the Directors fulfil their duties:

The role of the directors

The directors are responsible for the direction, promotion, and oversight of the group to ensure its long-term success. They provide leadership for the group, devise local strategy, ensure implementation of group initiatives whilst ensuring adequate controls are in place and operating effectively to ensure adherence to local requirements. The directors delegate day-to-day decision making to employees of the group who are best placed to make such decisions. The leadership team and wider management team hold regular meetings to keep updated on all key business areas.

Principal decisions

Principal decisions are those that are strategic, commercially material and impact the group's stakeholders.

During the year the directors made the principal decision to relocate the USA head office to larger premises so as to be able to expand the workforce and diversify its activities.

Decision-Making and risk management

The group's purpose is to work passionately, every day and with one common aim to serve our customers from our subsidiaries in the UK, USA and Germany. The directors were involved in the long-term plan. The plan is designed to ensure we can meet our purpose for the next five years and beyond. For details of our principal risks and uncertainties faced in the implementation of this plan, please see the relevant section on page 3 in this report.

BAP Pharma Group Limited

Strategic Report *(continued)*

Year ended 31 December 2022

This report was approved by the board of directors on 30 March 2023 and signed on behalf of the board by:



Dr B A Parkar
Director

Registered office:
Medina House
Globe Business Park
Fieldhouse Lane
Marlow
England
SL7 1TB

BAP Pharma Group Limited

Directors' Report

Year ended 31 December 2022

The directors present their report and the financial statements of the group for the year ended 31 December 2022.

Directors

The directors who served the company during the year were as follows:

Dr B A Parkar
Mrs N Parkar

Dividends

During the year a dividend payment of £Nil (2021: £730,000) was proposed and paid.

Greenhouse gas emissions and energy consumption

	Unit	2022	2021
Emissions resulting from activities for which the group is responsible	tCO2e	29	8
Emissions resulting from the purchase of electricity by the group for its own use	tCO2e	48	29
Total emissions	tCO2e	77	37
Total energy consumption	kWh	227,731	142,372

Methodologies for energy and emissions calculations

We have reviewed the guidance provided by Defra. The Carbon Trust Carbon Calculator has been used to generate this data.

Principal measures taken to increase energy efficiency

In the year all UK company vehicles were fully electric. Climate change is a global problem, and the company aims to reduce carbon emissions going forward.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 group and the company and the profit or loss of the group for that period.

BAP Pharma Group Limited

Directors' Report *(continued)*

Year ended 31 December 2022

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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. 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 30 March 2023 and signed on behalf of the board by:



Dr B A Parkar
Director

Registered office:
Medina House
Globe Business Park
Fieldhouse Lane
Marlow
England
SL7 1TB

BAP Pharma Group Limited

Independent Auditor's Report to the Members of BAP Pharma Group Limited

Year ended 31 December 2022

Opinion

We have audited the financial statements of BAP Pharma Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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 group's or the parent 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.

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

BAP Pharma Group Limited

Independent Auditor's Report to the Members of BAP Pharma Group Limited (continued)

Year ended 31 December 2022

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

BAP Pharma Group Limited

Independent Auditor's Report to the Members of BAP Pharma Group Limited *(continued)*

Year ended 31 December 2022

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

BAP Pharma Group Limited

Independent Auditor's Report to the Members of BAP Pharma Group Limited (continued)

Year ended 31 December 2022

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.

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:

The extent to which the audit was considered capable of detecting irregularities including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the pharmaceutical sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, UK Taxes Acts, data protection, anti-bribery, employment, environmental and health and safety legislation and MHRA regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
 - tested journal entries to identify unusual transactions;
 - investigated the rationale behind significant or unusual transactions; and
-

BAP Pharma Group Limited

Independent Auditor's Report to the Members of BAP Pharma Group Limited (continued)

Year ended 31 December 2022

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

BAP Pharma Group Limited

Independent Auditor's Report to the Members of BAP Pharma Group Limited *(continued)*

Year ended 31 December 2022

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

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.

Paul Phillips (Senior Statutory Auditor)

For and on behalf of
Brian Paul Limited
Chartered Accountants & Statutory Auditor
Chase Green House
42 Chase Side
Enfield
Middlesex
EN2 6NF

30 March 2023

BAP Pharma Group Limited

Consolidated Statement of Income and Retained Earnings

Year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	342,244,031	232,033,399
Cost of sales		317,296,084	214,597,482
Gross profit		24,947,947	17,435,917
Administrative expenses		7,985,037	5,485,591
Other operating income	5	27,881	208,881
Operating profit	6	16,990,791	12,159,207
Other interest receivable and similar income	10	21,291	169,826
Interest payable and similar expenses	11	218,456	65,274
Profit before taxation		16,793,626	12,263,759
Tax on profit	12	3,903,244	2,448,282
Profit for the financial year and total comprehensive income		12,890,382	9,815,477
Dividends paid and payable	13	—	(730,000)
Retained earnings at the start of the year		36,188,986	27,103,509
Retained earnings at the end of the year		49,079,368	36,188,986

All the activities of the group are from continuing operations.

The notes on pages 21 to 32 form part of these financial statements.

BAP Pharma Group Limited

Company Statement of Income and Retained Earnings

Year ended 31 December 2022

	Note	2022 £	2021 £
Profit for the financial year and total comprehensive income		—	730,000
Dividends paid and payable	13	—	(730,000)
Retained earnings at the start of the year		<u>450,280</u>	<u>450,280</u>
Retained earnings at the end of the year		<u>450,280</u>	<u>450,280</u>

The notes on pages 21 to 32 form part of these financial statements.

BAP Pharma Group Limited

Consolidated Statement of Financial Position

31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	5,173,824	3,973,992
Current assets			
Stocks	16	8,504,968	10,027,304
Debtors	17	64,786,324	35,025,825
Cash at bank and in hand		9,261,215	20,687,100
		<u>82,552,507</u>	<u>65,740,229</u>
Creditors: amounts falling due within one year	18	<u>38,420,346</u>	<u>33,227,965</u>
Net current assets		<u>44,132,161</u>	<u>32,512,264</u>
Total assets less current liabilities		<u>49,305,985</u>	<u>36,486,256</u>
Provisions	19	<u>226,417</u>	<u>297,070</u>
Net assets		<u>49,079,568</u>	<u>36,189,186</u>
Capital and reserves			
Called up share capital	23	200	200
Profit and loss account	24	<u>49,079,368</u>	<u>36,188,986</u>
Shareholders funds		<u>49,079,568</u>	<u>36,189,186</u>

These financial statements were approved by the board of directors and authorised for issue on 30 March 2023, and are signed on behalf of the board by:



Dr B A Parkar
Director

Company registration number: 09731446

The notes on pages 21 to 32 form part of these financial statements.

BAP Pharma Group Limited

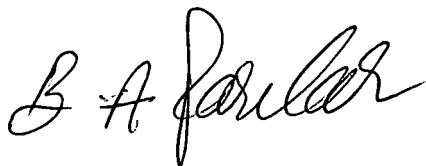
Company Statement of Financial Position

31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	15	2	446,985
Current assets			
Debtors	17	450,478	3,496
Creditors: amounts falling due within one year	18	—	1
Net current assets		<u>450,478</u>	<u>3,495</u>
Total assets less current liabilities		<u>450,480</u>	<u>450,480</u>
Capital and reserves			
Called up share capital	23	200	200
Profit and loss account	24	<u>450,280</u>	<u>450,280</u>
Shareholders funds		<u>450,480</u>	<u>450,480</u>

The profit for the financial year of the parent company was £Nil (2021: £730,000).

These financial statements were approved by the board of directors and authorised for issue on 30 March 2023, and are signed on behalf of the board by:



Dr B A Parkar
Director

Company registration number: 09731446

The notes on pages 21 to 32 form part of these financial statements.

BAP Pharma Group Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	12,890,382	9,815,477
<i>Adjustments for:</i>		
Depreciation of tangible assets	379,933	309,696
Other interest receivable and similar income	(21,291)	(169,826)
Interest payable and similar expenses	218,456	65,274
Loss/(gains) on disposal of tangible assets	5,627	(90,835)
Tax on profit	3,903,244	2,448,282
Accrued expenses	193,748	265,092
<i>Changes in:</i>		
Stocks	1,522,336	(9,077,699)
Trade and other debtors	(29,760,499)	3,324,426
Trade and other creditors	12,812,785	(11,380,002)
Cash generated from operations	2,144,721	(4,490,115)
Interest paid	(218,456)	(65,274)
Interest received	21,291	169,826
Tax paid	(1,780,972)	(2,207,039)
Net cash from/(used in) operating activities	<u>166,584</u>	<u>(6,592,602)</u>
Cash flows from investing activities		
Purchase of tangible assets	(1,660,737)	(1,410,948)
Proceeds from sale of tangible assets	75,345	134,775
Net cash used in investing activities	<u>(1,585,392)</u>	<u>(1,276,173)</u>
Cash flows from financing activities		
Proceeds from borrowings	(10,007,077)	6,963,179
Dividends paid	—	(730,000)
Net cash (used in)/from financing activities	<u>(10,007,077)</u>	<u>6,233,179</u>
Net decrease in cash and cash equivalents	<u>(11,425,885)</u>	<u>(1,635,596)</u>
Cash and cash equivalents at beginning of year	<u>20,687,100</u>	<u>22,322,696</u>
Cash and cash equivalents at end of year	<u>9,261,215</u>	<u>20,687,100</u>

The notes on pages 21 to 32 form part of these financial statements.

BAP Pharma Group Limited

Notes to the Financial Statements

Year ended 31 December 2022

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Medina House, Globe Business Park, Fieldhouse Lane, Marlow, SL7 1TB, England.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Foreign currency policy

Company

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Group

Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the date of transaction. All resulting exchange differences are recognised in other comprehensive income.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

BAP Pharma Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Consolidation

The financial statements consolidate the financial statements of BAP Pharma Group Limited and all of its subsidiaries.

The financial statements of BAP US Inc and BAP Pharma GmbH have been included in the group financial statements using the purchase method of accounts whereas the financial statements of BAP Pharma Limited and BAP Holdings Limited were accounted for using the equity method.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

In producing these accounts the directors have considered accounting policies & relevant estimates. In the directors opinion and to the best of their knowledge significant accounting entries are based upon facts. However, these accounts do include estimates in relation to useful life of assets, deferred tax provision and immaterial prepayments and accruals.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

BAP Pharma Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	5% straight line
Short leasehold property	-	over the period of lease
Plant and machinery	-	20% straight line
Fixtures, fittings and equipment	-	20% straight line
Motor vehicles	-	25% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

BAP Pharma Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

3. Accounting policies *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	2022 £	2021 £
Sale of goods	342,244,031	232,033,399

BAP Pharma Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

4. Turnover *(continued)*

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2022 £	2021 £
United Kingdom	164,783,703	80,819,409
Overseas	177,460,328	151,213,990
	<u>342,244,031</u>	<u>232,033,399</u>

Overseas sales includes:	2022 £	2021 £
Sales - Europe	156,232,439	142,317,686
Sales - Rest of World	7,804,502	918,190
Sales - USA	13,423,387	7,978,114
Total	<u>177,460,328</u>	<u>151,213,990</u>

5. Other operating income

	2022 £	2021 £
Rent receivable	<u>27,881</u>	<u>208,881</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022 £	2021 £
Depreciation of tangible assets	379,933	309,696
Loss/(gains) on disposal of tangible assets	5,627	(90,835)
Impairment of trade debtors	898,213	1,020
Operating lease rentals	<u>243,481</u>	<u>262,699</u>

7. Auditor's remuneration

	2022 £	2021 £
Fees payable for the audit of the financial statements	<u>38,000</u>	<u>30,100</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>3,128</u>	<u>3,441</u>

BAP Pharma Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2022 No.	2021 No.
Administrative staff	55	45
Management staff	6	9
	<u>61</u>	<u>54</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2022 £	2021 £
Wages and salaries	3,806,030	3,035,793
Social security costs	379,424	297,958
Other pension costs	32,066	19,093
	<u>4,217,520</u>	<u>3,352,844</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022 £	2021 £
Remuneration	<u>120,000</u>	<u>120,000</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2022 No.	2021 No.
Defined contribution plans	<u>2</u>	<u>2</u>

10. Other interest receivable and similar income

	2022 £	2021 £
Interest on loans and receivables	21,269	—
Gain on fair value adjustment of financial assets at fair value through profit or loss	—	169,806
Other interest receivable and similar income	22	20
	<u>21,291</u>	<u>169,826</u>

BAP Pharma Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

11. Interest payable and similar expenses

	2022 £	2021 £
Interest on banks loans and overdrafts	16,057	65,274
Loss on fair value adjustment of financial assets at fair value through profit or loss	202,399	—
	<u>218,456</u>	<u>65,274</u>

12. Tax on profit

Major components of tax income

	2022 £	2021 £
Current tax:		
UK current tax income	2,148,349	2,173,306
Foreign current tax income	1,825,548	—
Total current tax	<u>3,973,897</u>	<u>2,173,306</u>
Deferred tax:		
Origination and reversal of timing differences	(70,653)	274,976
Tax on profit	<u>3,903,244</u>	<u>2,448,282</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Profit on ordinary activities before taxation	16,793,626	12,263,759
Profit on ordinary activities by rate of tax	3,190,789	2,330,126
Effect of expenses not deductible for tax purposes	3,543	3,144
Effect of capital allowances and depreciation	(32,899)	15,970
Effect of revenue exempt from tax	—	(5,250)
Unused tax losses	—	104,292
Tax on foreign profit	741,811	—
Tax on profit	<u>3,903,244</u>	<u>2,448,282</u>

13. Dividends

	2022 £	2021 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	—	730,000

BAP Pharma Group Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2022

14. Tangible assets

Group	Freehold property £	Short leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost						
At 1 Jan 2022	2,539,187	22,920	1,789,063	116,212	177,930	4,645,312
Additions	—	—	1,579,577	17,570	63,590	1,660,737
Disposals	—	—	(5,993)	(8,647)	(94,950)	(109,590)
At 31 Dec 2022	2,539,187	22,920	3,362,647	125,135	146,570	6,196,459
Depreciation						
At 1 Jan 2022	272,954	637	329,987	53,903	13,839	671,320
Charge for the year	102,937	1,751	224,971	28,470	21,804	379,933
Disposals	—	—	(3,312)	(7,503)	(17,803)	(28,618)
At 31 Dec 2022	375,891	2,388	551,646	74,870	17,840	1,022,635
Carrying amount						
At 31 Dec 2022	2,163,296	20,532	2,811,001	50,265	128,730	5,173,824
At 31 Dec 2021	2,266,233	22,283	1,459,076	62,309	164,091	3,973,992

The company has no tangible assets.

15. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 January 2022	446,985
Additions	2
Disposals	(446,985)
At 31 December 2022	2
Impairment	
At 1 January 2022 and 31 December 2022	—
Carrying amount	
At 31 December 2022	2
At 31 December 2021	446,985

BAP Pharma Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

15. Investments *(continued)*

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
BAP Pharma Limited	Ordinary	100
BAP US Inc	Ordinary	100
BAP Pharma GmbH	Ordinary	100
BAP Pharma Holdings Limited	Ordinary	98

16. Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Finished goods and goods for resale	<u>8,504,968</u>	<u>10,027,304</u>	<u>—</u>	<u>—</u>

17. Debtors

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	61,204,599	31,762,400	—	—
Amounts owed by group undertakings	—	—	446,985	—
Deferred tax asset	269,588	193,096	—	—
Prepayments and accrued income	454,299	184,801	—	—
Other debtors	<u>2,857,838</u>	<u>2,885,528</u>	<u>3,493</u>	<u>3,496</u>
	<u>64,786,324</u>	<u>35,025,825</u>	<u>450,478</u>	<u>3,496</u>

Included within other debtors is a fair value adjustment to reflect differences between spot and actual exchange rates of £nil (2021: £232,038).

BAP Pharma Group Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2022

18. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans and overdrafts	–	10,000,000	–	–
Trade creditors	26,957,339	17,877,992	–	–
Accruals and deferred income	1,815,802	779,853	–	–
Corporation tax	3,681,659	1,488,734	–	–
Social security and other taxes	5,243,825	55,919	–	–
Director loan accounts	10,528	17,605	–	–
Other creditors	711,193	3,007,862	–	1
	<u>38,420,346</u>	<u>33,227,965</u>	<u>–</u>	<u>1</u>

The bank loans, credit facilities and overdrafts are secured via fixed and floating charge over assets of the company both present and future.

Other creditors include fair value adjustment to reflect differences between spot and actual exchange rate of £459,158 (2021: £Nil).

19. Provisions

Group	Deferred tax (note 20) £
At 1 January 2022	297,070
Additions	(70,653)
At 31 December 2022	<u>226,417</u>

The company does not have any provisions.

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Included in debtors (note 17)	269,588	193,096	–	–
Included in provisions (note 19)	(226,417)	(297,070)	–	–
	<u>43,171</u>	<u>(103,974)</u>	<u>–</u>	<u>–</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Accelerated capital allowances	<u>242,857</u>	<u>297,070</u>	<u>–</u>	<u>–</u>

BAP Pharma Group Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2022

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £32,066 (2021: £19,093).

22. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial liabilities measured at fair value through profit or loss

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Financial liabilities measured at fair value through profit or loss	–	10,000,000	–	–

23. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

24. Reserves

The profit and loss reserve includes merger reserves of £5,873,173 (2021: £5,848,173).

The merger reserve includes a non-distributable reserve created by the exercise of s612 merger relief for the amount in excess of the nominal value of the 100 ordinary shares issued in connection with the acquisition of BAP Pharma Limited. Additionally £25,000 was added to the reserve on the creation of BAP Pharma Holdings Limited.

25. Analysis of changes in net debt

	At 1 Jan 2022	Cash flows	At 31 Dec 2022
	£	£	£
Cash at bank and in hand	20,687,100	(11,425,885)	9,261,215
Debt due within one year	(10,017,605)	10,007,077	(10,528)
	<u>10,669,495</u>	<u>(1,418,808)</u>	<u>9,250,687</u>

BAP Pharma Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2022

26. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Not later than 1 year	165,952	163,000	—	—
Later than 1 year and not later than 5 years	810,807	802,400	—	—
Later than 5 years	3,466,000	4,080,000	—	—
	<u>4,442,759</u>	<u>5,045,400</u>	<u>—</u>	<u>—</u>

27. Controlling party

The ultimate controlling party is Dr B A Parkar who exercises a controlling interest due to his majority shareholding of BAP Pharma Group Limited.