

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

ESSENTIAL HOLDCO GUERNSEY LIMITED

COMPANY INFORMATION

Directors	Guy William Semmens Robert John Watson Nikesh Engineer
Registered number	67076
Registered office	First Floor, Albert House South Esplanade St Peter Port GUERNSEY GY1 1AJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 5 Benham Road Southampton Science Park Chilworth Southampton Hampshire SO16 7QJ

ESSENTIAL HOLDCO GUERNSEY LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	4 - 6
Directors' responsibilities statement	7
Independent auditor's report	8 - 12
Group statement of comprehensive income	13
Group balance sheet	14 - 15
Company balance sheet	16
Group statement of changes in equity	17 - 18
Company statement of changes in equity	19 - 20
Group statement of cash flows	21 - 22
Notes to the financial statements	23 - 49

---

## ESSENTIAL HOLDCO GUERNSEY LIMITED

---

### STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

---

#### Principal activity and business review

The group's principal activity is the provision of pharmaceuticals to pharmacies and hospitals across more than 20 markets in the UK, Europe and other territories including Hong Kong, Singapore and New Zealand. The group focuses predominantly on essential drugs that sell in low volumes and/or are difficult to source and where sustainability of product supply may be a challenge.

The group provides essential, niche therapies across a variety of important therapeutic classes for patients and healthcare systems in Europe and beyond. Operating in a highly regulated industry as a responsible and ethical business operator, the group plays a very important role in patient care supporting medical providers in multiple markets worldwide.

The Essential Pharma business has for over thirty years, worked and invested to prevent the disappearance of many established, lower volume pharmaceutical products that are important to the well-being of patients.

To help fund the acquisition of the businesses that make up the Chemidex and Essential Pharma brands, senior debt was secured from the group bankers, Hayfin, with an additional revolving credit facility and a further acquisition facility which will be utilised to expand the business into new products and markets. Geographic expansion and the acquisition of new products are the two key pillars of the group's growth strategy.

The group has negotiated bank facilities until 16 December 2026, the agreement is structured with a mix of interest payment arrangements including monthly, quarterly and six monthly, while repayment of the senior debt is based on cash generation and leverage.

#### Key performance indicators

The key performance indicators are as follows (2021 12 month period, 2020 6 month period):

	2021 £'000	2020 £'000
Turnover	66,888	35,377
Stock days	566	464

Revenue has been in line with expectations to allow the payment of interest commitments and an accumulation of cash during the period in which to further develop the business.

The business holds large stock balances because of the low volume nature of our products and the need to ensure supply for the final patient. This high stock levels help insulate the business from any importation or production problems due to Brexit or Covid 19.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

---

**Principal risks and uncertainties**

The group's board meets regularly to evaluate performance and risk appetite, review management information and discuss strategies for growth.

**Competitive risk**

The group operates in a competitive market in the UK and internationally and aims to have relevant products and therapies for patients that improve outcomes and generate positive cashflows to reinvest into the group's operations and service debt to ensure compliance with covenant requirements.

**Product regulation**

The group operates in a highly regulated sector and international markets each with differing requirements and a number of the group's products and therapies are subject to pricing and other forms of legal or regulatory restrictions from both governmental and regulatory bodies and other third parties. Consequently, the group can be subject to regulatory oversight, inspection and investigations in the ordinary course of business and may incur penalties for non-compliance. In order to help mitigate these risks the group ensures regulatory compliance with the support of local experts, alongside engaging in dialogue with relevant local bodies, in the markets in which the group operates.

**Product risk**

Specialising in niche products, typically legacy drugs, towards the end of their life cycle, there is risk of alternative therapies being recommended, API supply issues or obsolescence from low volumes. The group's products are typically well established, with a long market history of successful use and regulatory approval in the markets the group operates. The group has a range of measures in place to ensure continuing regulatory compliance, product quality, supplier monitoring and appropriate liability insurance.

**Liquidity risk**

The group manages cash and stock volumes closely to ensure cash is available to fund operations. The group also has appropriate borrowing facilities in place with term facilities and covenant requirements commensurate with business plans, forecasts, investment requirements and cash generation projections.

**Supply chain disruption**

The uninterrupted supply of pharmaceuticals requires the co-ordination of third party manufacturers and distributors. A combination of Brexit and COVID-19 added to this complexity in the year. As such the group utilises third-party organisations given their expertise and experience to support and work alongside the group's employees. The group regularly reviews stock levels and the availability of active pharmaceutical ingredients. Our focus on niche and essential therapies typically requires the group to carry higher stock holdings than traditional pharmaceutical companies and therefore as a business we have a longer period of time before being unable to supply due to possible disruption.

**Interest rate risk**

The group has £160m of debt that has interest charges linked to LIBOR, there is no specific interest cover covenant. The board have left the interest rate risk unhedged at this time given the medium- term outlook is interest rates will stay low.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

**STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

---

**Foreign exchange risk**

The group earns income and profits and incurs expenditure in currencies other than sterling and is subject to exchange rate volatility. The group does not currently deploy a hedging programme and instead operates a natural hedge given its operations in multiple currencies.

**COVID**

COVID continues to impact society and create economic uncertainty across the globe. Different parts of the world are having to modulate their approach to COVID as the pandemic continues and as we learn to live with the outbreak. Since the pandemic started the group has continued to operate without significant challenges. Contract manufacturing and distribution associated with the supply of pharmaceuticals has been protected as an essential industry and workers have been allowed to attend work throughout lockdowns. Whilst there has been some volatility in ordering patterns, notably in the first, more severe, lockdown these have not impacted the group significantly for the year as a whole.

On behalf of the board

*Robert Watson*

**Robert John Watson**  
Director

Date: 28/10/2021

---

## ESSENTIAL HOLDCO GUERNSEY LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

---

The directors present their report and the financial statements for the year ended 30 June 2021.

#### **Dividends paid**

There were no dividends paid in the year under review (2020 - £NIL).

#### **Results**

The Consolidated statement of comprehensive income for the period is set out on page 13.

#### **Directors**

The directors who served during the year were:

Guy William Semmens  
Robert John Watson  
Nikesh Engineer

#### **Political donations**

The group paid no political donation in the year.

#### **Future developments**

The business will continue to trade in pharmaceuticals making use of trademarks and marketing authorisations owned while also looking to expand with new products and new geographies.

#### **Employment policy**

It is company policy to promote equal opportunities for both existing and new applicants.

#### **Corporate governance arrangements**

The group believes that value creation in healthcare and sustainability is inherently linked to social responsibility and governance and is committed to maintaining high standards of integrity and respect. The group maintains an investment approach that incorporates the consideration of environmental, social, and corporate governance ("ESG") risks and opportunities.

In line with best practice the overall group has a board with both Executive and Non-Executive directors and an audit committee with Non-Executive director representation.

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

The directors' benefited from a qualifying third party indemnity at the year end and when the financial statements were approved.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2021**

---

**Going concern**

The group made a loss after tax of £16.2m (2020: £8.1m) and at 30 June 2021 has net current liabilities of £46.3m (2020: £60.7m). As is typically of a Private Equity ownership the group has long term structured finance facilities including loan notes and term debt facilities which are due for repayment in December 2026.

The directors have reviewed the company at the Balance sheet date and believe a combination of cash and a diversified product portfolio with clinically differential molecules will allow it to continue as a going concern for at least twelve months from the date of signing.

The group has term debt and a revolving credit facility. In addition, the debt funder has made available a facility to fund future acquisitions. The debt facilities require the group stay within its covenants and make regular interest payments. The group is within its covenant at 30th June 2021 and has prepared a two year forecast that predicts that we will remain compliant with covenant requirements.

Distribution is performed by various specialists mainly in Europe and the UK. In most cases, these distributors have been classified as essential workers during lockdowns associated with the corona virus outbreak, and distribution has continued. Our distributors have continued to operate and maintain financial strength during the challenges presented by COVID. The financial failure of a key distributor would potentially cause volatility to both revenue and profitability, although given the importance of these businesses and their key worker status management assess the risk as low.

The Group has relationships with contract manufacturing organisations around Europe. Our focus on niche and essential therapies typically requires the Group to carry higher stock holdings than traditional pharmaceuticals companies and therefore as a business we have a longer period of time before being unable to supply our clients. At the year end our inventory is at 566 days. Active pharmaceutical ingredients (APIs) for our products can be sourced by the Group or our third party manufacturer, a future and sustained lockdown could impact the ability to source APIs or the API price. If an API could not be sourced this could impact both patients and sales. The Group has a variety of products in its portfolio and does not believe sourcing of APIs would have a material impact on earnings.

The group is subject to regulatory oversight, inspection and investigations in the ordinary course of business and may incur penalties for non-compliance. Where the group is unable to make a reliable estimate of the expected financial effect of these matters, no provision is recognised and no cash outflows are included in forecasts. The directors do take ongoing investigations into account in their overall assessment of going concern.



---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2021**

---

The Corona virus outbreak has impacted both individuals and businesses. In making their assessment the directors have given consideration to the risks set out above, the group's cash reserves, funding and covenant requirements, the mitigating actions they have and are able to take, the experience of the impact of the pandemic to date over the last twelve months on the markets in which the group operates. There has been limited impact on financial performance, save for some changes to the timing of revenues given the nature of the group's products.

The directors have prepared forecasts based on reasonably foreseeable assumptions and conclude the group will be able to operate within its facilities and in compliance with its covenant requirements for the foreseeable future, a period of not less than twelve months from the date of approval of these financial statements and accordingly these financial statements have been prepared on an going concern basis.

**Disclosure of information to auditor**

The directors confirm that:

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

**Auditor**

Under the Companies (Guernsey) Law, 2008, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 28/10/2021 and signed on its behalf.

*Robert Watson*

**Robert John Watson**  
Director

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2021**

---

The directors are responsible for preparing the Directors' report and the consolidated financial statements in accordance with applicable law and generally accepted accounting practice.

Company law applicable to companies in Guernsey requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs and profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

**Opinion**

We have audited the financial statements of Essential HoldCo Guernsey Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021, which comprise the Group statement of comprehensive income, the Group and Company balance sheets, the Group and Company statement of changes in equity, the Group statement of cash flows and notes to the financial statements, 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 Financial Reporting Standard 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 30 June 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

**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 and the parent 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**

We are responsible for concluding 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 and of 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group and the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and of the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and of the parent company's financial resources or ability to continue operations over the going concern period.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSENTIAL HOLDCO GUERNSEY LIMITED  
(CONTINUED)**

---

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 and of 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. 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.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company; or
- the group and company's financial statements are not in agreement with the accounting records and returns; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSENTIAL HOLDCO GUERNSEY LIMITED  
(CONTINUED)**

---

**Responsibilities of directors for the financial statements**

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.

**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.

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

**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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to the financial statements are those related to the reporting frameworks (Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies (Guernsey) Law 2008).

In addition, we concluded that there are certain significant laws and regulations, such as the Misuse of Drugs Act 1971, The Misuse of Drugs Regulations 2001, Directive 2001/83/EC, Regulation (EC) 726/2004 and Human Medicines Regulations 2012 (UK S.I.2012/1916), Employment Law and Health and Safety regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, data protection, environmental, and bribery and corruption practices.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSENTIAL HOLDCO GUERNSEY LIMITED  
(CONTINUED)**

---

We obtained an understanding of how the company complies with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the entity's operations, including the nature of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
- the applicable statutory provisions;
- the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.
- we assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by making enquires of management and those charged with governance. We utilised internal and external information to corroborate these enquiries and to perform a high-level fraud risk assessment. We considered the risk of fraud to be higher through the potential for management override of controls.

We determined that the principal risks were in relation to potential management bias in areas of estimation and judgement, revenue recognition; existence of cash; managements application of the going concern basis of accounting; and through management override of controls.

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a focus on material manual journals, those posted at the end of the reporting period and those posted directly to cash, revenue or control accounts;
- challenging assumptions and judgements made by management in its significant accounting estimates;

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSENTIAL HOLDCO GUERNSEY LIMITED  
(CONTINUED)**

---

We assessed the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- knowledge of the industry in which the client operates;
- understanding of the legal and regulatory requirements specific to the entity including:
  - the provisions of the applicable legislation;
  - the regulators' rules and related guidance, including guidance issued by relevant authorities that interprets those rules;
  - the applicable statutory provisions.

The company's management have not communicated to the audit team any matters of non-compliance with laws and regulations or fraud and no such matters were identified by the audit team.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with the Companies (Guernsey) Law, 2008. 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.

*Grant Thornton UK LLP*

Norman Armstrong BSc FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Southampton  
Date: 28/10/2021

# ESSENTIAL HOLDCO GUERNSEY LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 £	2020 £
Turnover	4	66,888,363	35,377,010
Cost of sales		(9,694,121)	(5,984,394)
<b>Gross profit</b>		<b>57,194,242</b>	<b>29,392,616</b>
Administrative expenses		(48,060,252)	(23,328,097)
Exceptional administrative expenses	11	-	(462,404)
<b>Operating profit</b>	5	<b>9,133,990</b>	<b>5,602,115</b>
Interest payable and similar expenses	9	(24,624,059)	(13,209,741)
<b>Loss before taxation</b>		<b>(15,490,069)</b>	<b>(7,607,626)</b>
Tax on loss	10	(700,931)	(496,257)
<b>Loss for the financial year</b>		<b>(16,191,000)</b>	<b>(8,103,883)</b>
Exchange losses arising on translation on foreign operations		547,786	(29,581)
<b>Other comprehensive income for the year</b>		<b>547,786</b>	<b>(29,581)</b>
<b>Total comprehensive income for the year</b>		<b>(15,643,214)</b>	<b>(8,133,464)</b>
<b>(Loss) for the year attributable to:</b>			
Owners of the parent company		(16,191,000)	(8,103,883)
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent company		(15,643,214)	(8,133,464)

The notes on pages 23 to 49 form part of these financial statements.

The above results relate to the continuing operations of the group.



**ESSENTIAL HOLDCO GUERNSEY LIMITED**

**GROUP BALANCE SHEET  
AS AT 30 JUNE 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	12	232,889,979	265,681,043
Tangible assets	13	1,915,695	1,798,666
		<u>234,805,674</u>	<u>267,479,709</u>
<b>Current assets</b>			
Stocks	15	11,233,297	10,800,396
Debtors: amounts falling due within one year	16	13,997,634	12,855,974
Cash at bank and in hand	17	33,012,984	12,567,804
		<u>58,243,915</u>	<u>36,224,174</u>
Creditors: amounts falling due within one year	18	(104,514,175)	(96,952,475)
<b>Net current liabilities</b>		<u>(46,270,260)</u>	<u>(60,728,301)</u>
<b>Total assets less current liabilities</b>		<u>188,535,414</u>	<u>206,751,408</u>
Creditors: amounts falling due after more than one year	19	(184,820,623)	(183,975,253)
<b>Provisions for liabilities</b>			
Deferred taxation	20	(25,619,832)	(29,310,519)
		<u>(25,619,832)</u>	<u>(29,310,519)</u>
<b>Net liabilities</b>		<u><u>(21,905,041)</u></u>	<u><u>(6,534,364)</u></u>

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**GROUP BALANCE SHEET (CONTINUED)**  
**AS AT 30 JUNE 2021**


---

	Note	2021 £	2020 £
<b>Capital and reserves</b>			
Called up share capital	21	<b>1,450,000</b>	1,450,000
Foreign exchange reserve	22	<b>518,205</b>	(29,581)
Other reserves	22	<b>421,637</b>	149,100
Profit and loss account	22	<b>(24,294,883)</b>	(8,103,883)
<b>Equity attributable to owners of the parent company</b>		<b><u>(21,905,041)</u></b>	<b><u>(6,534,364)</u></b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
28/10/2021

*Robert Watson*

**Robert John Watson**  
Director

The notes on pages 23 to 49 form part of these financial statements.

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

**COMPANY BALANCE SHEET  
AS AT 30 JUNE 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	14	<u>1,450,000</u>	<u>1,450,000</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	<u>98,712,255</u>	<u>90,123,659</u>
		<u>98,712,255</u>	<u>90,123,659</u>
Creditors: amounts falling due within one year	18	<u>(95,339,942)</u>	<u>(86,724,563)</u>
<b>Net current assets</b>		<u>3,372,313</u>	<u>3,399,096</u>
<b>Total assets less current liabilities</b>		<u>4,822,313</u>	<u>4,849,096</u>
Creditors: amounts falling due after more than one year	19	<u>(3,400,000)</u>	<u>(3,400,000)</u>
<b>Net assets</b>		<u><u>1,422,313</u></u>	<u><u>1,449,096</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	1,450,000	1,450,000
Profit and loss account brought forward		(904)	-
Loss for the year		(26,783)	(904)
Profit and loss account carried forward		(27,687)	(904)
		<u><u>1,422,313</u></u>	<u><u>1,449,096</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28/10/2021

*Robert Watson*

**Robert John Watson**  
Director

The notes on pages 23 to 49 form part of these financial statements.

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

**GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital	Foreign exchange reserve	Share options reserve	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£	£
At 1 July 2020	1,450,000	(29,581)	149,100	(8,103,883)	(6,534,364)	(6,534,364)
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	(16,191,000)	(16,191,000)	(16,191,000)
Other comprehensive income	-	547,786	-	-	547,786	547,786
<b>Other comprehensive income for the year</b>	-	547,786	-	-	547,786	547,786
<b>Total comprehensive income for the year</b>	-	547,786	-	(16,191,000)	(15,643,214)	(15,643,214)
Transfer to/from profit and loss account	-	-	272,537	-	272,537	272,537
<b>Total transactions with owners</b>	-	-	272,537	-	272,537	272,537
<b>At 30 June 2021</b>	<b>1,450,000</b>	<b>518,205</b>	<b>421,637</b>	<b>(24,294,883)</b>	<b>(21,905,041)</b>	<b>(21,905,041)</b>

The notes on pages 23 to 49 form part of these financial statements.

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

**GROUP STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital £	Foreign exchange reserve £	Share options reserve £	Profit and loss account £	Equity attributable to owners of parent company £	Total equity £
<b>Comprehensive income for the period</b>						
Loss for the period	-	-	-	(8,103,883)	(8,103,883)	(8,103,883)
Other comprehensive loss	-	(29,581)	-	-	(29,581)	(29,581)
<b>Other comprehensive income for the period</b>	-	(29,581)	-	-	(29,581)	(29,581)
<b>Total comprehensive income for the period</b>	-	(29,581)	-	(8,103,883)	(8,133,464)	(8,133,464)
Shares issued during the period	1,450,000	-	-	-	1,450,000	1,450,000
Transfer to/from profit and loss account	-	-	149,100	-	149,100	149,100
<b>Total transactions with owners</b>	1,450,000	-	149,100	-	1,599,100	1,599,100
<b>At 30 June 2020</b>	1,450,000	(29,581)	149,100	(8,103,883)	(6,534,364)	(6,534,364)

The notes on pages 23 to 49 form part of these financial statements.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---



---

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**


---

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 July 2020	<b>1,450,000</b>	<b>(904)</b>	<b>1,449,096</b>
<b>Comprehensive income for the period</b>			
Loss for the year	-	<b>(26,783)</b>	<b>(26,783)</b>
	<hr/>	<hr/>	<hr/>
<b>Other comprehensive income for the year</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	<b>(26,783)</b>	<b>(26,783)</b>
	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2021</b>	<b>1,450,000</b>	<b>(27,687)</b>	<b>1,422,313</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---



---

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020**


---

	Called up share capital £	Profit and loss account £	Total equity £
<b>Comprehensive income for the period</b>			
Loss for the period	-	(904)	(904)
<b>Other comprehensive income for the period</b>	-	-	-
<b>Total comprehensive income for the period</b>	-	(904)	(904)
<b>Contributions by and distributions to owners</b>			
Shares issued during the period	1,450,000	-	1,450,000
<b>Total transactions with owners</b>	1,450,000	-	1,450,000
<b>At 30 June 2020</b>	1,450,000	(904)	1,449,096

The notes on pages 23 to 49 form part of these financial statements.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**GROUP STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021**


---

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(16,191,000)	(8,103,883)
<b>Adjustments for:</b>		
Amortisation of intangible assets	32,421,504	17,670,707
Depreciation of tangible assets	374,299	142,357
Interest expense	24,624,059	13,209,741
Taxation charge	700,931	496,257
(Increase) in stocks	(432,901)	(1,545,417)
(Increase) in debtors	(117,699)	(2,635,966)
(Decrease)/increase in creditors	(775,830)	1,489,928
Share based payment charge	272,537	149,100
Corporation tax (paid)	(4,199,982)	(4,598,086)
<b>Net cash generated from operating activities</b>	<b>36,675,918</b>	<b>16,274,738</b>
<b>Cash flows from investing activities</b>		
Purchase of subsidiaries net of cash acquired	(150,935)	(232,983,110)
Purchase of tangible fixed assets	(491,328)	(898,252)
<b>Net cash from investing activities</b>	<b>(642,263)</b>	<b>(233,881,362)</b>



---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**GROUP STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2021**


---

	2021 £	2020 £
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	1,450,000
Other new loans	-	154,082,094
New loans from group companies	-	82,264,843
Interest paid	(15,219,444)	(7,695,660)
<b>Net cash used in financing activities</b>	<b>(15,219,444)</b>	<b>230,101,277</b>
<b>Net increase in cash and cash equivalents</b>	<b>20,814,211</b>	<b>12,494,653</b>
Cash and cash equivalents at beginning of year	12,567,804	-
Foreign exchange gains and losses	(369,031)	73,151
<b>Cash and cash equivalents at the end of year</b>	<b>33,012,984</b>	<b>12,567,804</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>33,012,984</b>	<b>12,567,804</b>

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

---

**1. General information**

Essential HoldCo Guernsey Limited (the 'company') is a private company limited by shares incorporated in Guernsey. The registered address of the company is First Floor, Albert House, South Esplanade, St Peter Port, GUERNSEY, GY1 1AJ.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies (Guernsey) Law, 2008.

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

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In preparing the consolidated financial statements the company has elected to produce group primary statements only, as permitted under section 244 of the Companies Law.

---

## ESSENTIAL HOLDCO GUERNSEY LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

---

## 2. Accounting policies (continued)

### 2.3 Going concern

The group made a loss after tax of £16.2m (2020: £8.1m) and at 30 June 2021 has net current liabilities of £46.3m (2020: £60.7m). As is typically of a Private Equity ownership the group has long term structured finance facilities including loan notes and term debt facilities which are due for repayment in December 2026.

The directors have reviewed the company at the Balance sheet date and believe a combination of cash and a diversified product portfolio with clinically differential molecules will allow it to continue as a going concern for at least twelve months from the date of signing.

The group has term debt and a revolving credit facility. In addition, the debt funder has made available a facility to fund future acquisitions. The debt facilities require the group stay within its covenants and make regular interest payments. The group is within its covenant at 30th June 2021 and has prepared a two year forecast that predicts that we will remain compliant with covenant requirements.

Distribution is performed by various specialists mainly in Europe and the UK. In most cases, these distributors have been classified as essential workers during lockdowns associated with the corona virus outbreak, and distribution has continued. Our distributors have continued to operate and maintain financial strength during the challenges presented by COVID. The financial failure of a key distributor would potentially cause volatility to both revenue and profitability, although given the importance of these businesses and their key worker status management assess the risk as low.

The Group has relationships with contract manufacturing organisations around Europe. Our focus on niche and essential therapies typically requires the Group to carry higher stock holdings than traditional pharmaceuticals companies and therefore as a business we have a longer period of time before being unable to supply our clients. At the year end our inventory is at 566 days. Active pharmaceutical ingredients (APIs) for our products can be sourced by the Group or our third party manufacturer, a future and sustained lockdown could impact the ability to source APIs or the API price. If an API could not be sourced this could impact both patients and sales. The Group has a variety of products in its portfolio and does not believe sourcing of APIs would have a material impact on earnings.

The group is subject to regulatory oversight, inspection and investigations in the ordinary course of business and may incur penalties for non-compliance. Where the group is unable to make a reliable estimate of the expected financial effect of these matters, no provision is recognised and no cash outflows are included in forecasts. The directors do take ongoing investigations into account in their overall assessment of going concern.

The Corona virus outbreak has impacted both individuals and businesses. In making their assessment the directors have given consideration to the risks set out above, the group's cash reserves, funding and covenant requirements, the mitigating actions they have and are able to take, the experience of the impact of the pandemic to date over the last twelve months on the markets in which the group operates. There has been limited impact on financial performance, save for some changes to the timing of revenues given the nature of the group's products.

The directors have prepared forecasts based on reasonably foreseeable assumptions and conclude the group will be able to operate within its facilities and in compliance with its covenant requirements for the foreseeable future, a period of not less than twelve months from the date of approval of these financial statements and accordingly these financial statements have been prepared on an going concern basis.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

---

**2. Accounting policies (continued)****2.4 Foreign currency translation****Functional and presentation currency**

The company's functional and presentational currency is GBP. The group's financial statements are presented in pound sterling and rounded to the nearest pound.

**Transactions and balances**

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

---

**2. Accounting policies (continued)****2.6 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.7 Finance costs**

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

**2.8 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.9 Pensions****Defined contribution pension plan**

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the group in independently administered funds.

---

## ESSENTIAL HOLDCO GUERNSEY LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

---

## 2. Accounting policies (continued)

### 2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

### 2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**


---

**2. Accounting policies (continued)**
**2.12 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

**2.13 Intangible assets**
**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Product rights and software	-	5	years
Goodwill	-	10	years

**2.14 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

---

**2. Accounting policies (continued)****2.14 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

The estimated useful lives range as follows:

Fixtures and fittings	- 15% - 20%
Office equipment	- 15% - 20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.15 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.16 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.17 Debtors**

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



---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

---

**2. Accounting policies (continued)****2.18 Cash and cash equivalents**

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

In the Group statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

**2.19 Creditors**

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

**2.20 Provisions for liabilities**

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**


---

**2. Accounting policies (continued)**
**2.21 Financial instruments**

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

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

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

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

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

---

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

Certain of the group's significant accounting policies are considered by the directors to be critical because of the level of complexity, judgement or estimation involved in their application and their impact on the consolidated financial statements.

**Transaction costs**

Transaction costs are incurred to minimise risk and help finance acquisitions. A judgement is made regarding if costs should be capitalised as part of the cost of acquisition, held against the debt or expensed. Costs that are capitalised must be wholly attributable to the acquisition to be eligible for capitalisation.

**Valuation of intangibles**

The group values intangibles assets acquired with a business. These valuations are subjective and based on market and internal inputs and an estimation of the cashflows generated by these assets over multiple years. Future cash flows are discounted at an applicable discount rate that is selected by management with advice from advisors, the discount rate has a material impact on the final valuation.

**Consideration paid for acquisitions**

Consideration can be paid in cash or deferred over a number of years with performance measures triggering payment. As such the directors make a critical judgement when deciding the amount of deferred consideration to include. This will be based on prudent forward looking forecasts and the directors best view of likely performance. When consideration for an acquisition is paid to a director or a related party of a director there is a critical judgement regarding the treatment as remuneration or part of the consideration. To reach this judgement consideration would be given to the commercial agreements, continuing service, duration of continuing employment and the level of remuneration provided.

**Amortisation periods**

The amortisation period for goodwill and acquisition intangibles has been set at ten years. The period is based on an estimate by management of the useful life of portfolio of products and the period over which the assets have economic value.

**Revenue**

Revenue is recognised on dispatch as the best estimate of when risk and reward are transferred to the client. Fees paid to distributors are either booked as a cost of sale or revenue is booked net of this cost, depending upon individual commercial arrangement.

**Stock**

Stock is typically provided for six months before expiry or when the stock becomes unsaleable in the local market. If it is likely stock is valued at more than the net recoverable value or it is likely stock will remain unsold given current sales volumes a provision will be made.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**


---

**3. Judgements in applying accounting policies (continued)**
**Regulatory oversight**

The group operates in a highly regulated sector and international markets each with differing requirements and a number of the group's brands and products are subject to pricing and other forms of legal or regulatory restrictions from both governmental and regulatory bodies and other third parties. Consequently, the group can be subject to regulatory oversight, inspection and investigations in the ordinary course of business and may incur penalties for non-compliance. Such matters are often highly complex and rely on estimates and assumptions as to future events, accordingly assessments as to whether or not to recognise provisions in respect of these matters are judgemental. Where the group is unable to make a reliable estimate of the expected financial effect of these investigations no provision is made.

**Share based payments**

An employee share scheme is in place and as such a share based payments charge is included that is based on a valuation from suitably qualified advisors. The valuation is based on assumptions including but not limited to the value of the final investment, exit date, exit multiple, net debt at exit and any transaction costs incurred. The valuation was based on an expected return analysis.

**Tax**

A subsidiary has been subject to a now closed tax enquiry by Her Majesties Revenue and Customs. As such the directors have taken independent advice to value the assets in questions and other professional advice to assess the position taken in the accounts.

**4. Turnover**

	<b>2021</b>	<i>Period from 22 November 2019 to 30 June 2020</i>
	<b>£</b>	<b>£</b>
United Kingdom	<b>51,094,986</b>	28,194,677
Rest of Europe	<b>13,693,962</b>	6,198,380
Rest of the world	<b>2,099,415</b>	983,953
	<b>66,888,363</b>	35,377,010

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**


---

**5. Operating profit**

The operating profit is stated after charging:

		<i>Period from 22 November 2019 to 30 June 2020</i>
	<b>2021</b>	
	<b>£</b>	<b>£</b>
Research & development charged as an expense	<b>45,722</b>	436,410
Exchange differences	<b>160,764</b>	303,105
Share based payment	<b>272,537</b>	149,100
Amortisation of intangible assets	<b>32,421,504</b>	17,670,707
Depreciation of tangible assets	<b>374,299</b>	142,357
	<b>=====</b>	<b>=====</b>

**6. Auditor's remuneration**

		<i>Period from 22 November 2019 to 30 June 2020</i>
	<b>2021</b>	
	<b>£</b>	<b>£</b>
Fees payable to EP Topco Guernsey Limited's auditor and its associates for the audit of the Group's annual financial statements	<b>144,105</b>	135,500
	<b>=====</b>	<b>=====</b>

**Fees payable to the group's auditor and its associates in respect of:**

Taxation compliance services	<b>58,544</b>	63,500
Accounts production	<b>37,003</b>	37,700
All other assurance services	<b>4,500</b>	-
All other services	<b>19,131</b>	29,864
	<b>=====</b>	<b>=====</b>
	<b>119,178</b>	131,064

# ESSENTIAL HOLDCO GUERNSEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	Period from 22 November 2019 to 30 June 2020 £
Wages and salaries	2,687,471	1,624,265
Social security costs	315,781	178,457
Cost of defined contribution scheme	74,266	38,530
	<u>3,077,518</u>	<u>1,841,252</u>

### Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group. The directors are key management for the group.

The total remuneration for the key management personnel during the year was £1,000,166 (2020: £282,350).

The average monthly number of employees employed by the group, including the directors, during the period was 28 (2020: 25).

The company has no employees.

### 8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>400,000</u>	<u>200,000</u>

The highest paid director received remuneration of £400,000 (2020 - £200,000).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL (2020 - £NIL).

ESSENTIAL HOLDCO GUERNSEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

9. Interest payable and similar expenses

	<div>2021 £</div>	<div><i>Period from 22 November 2019 to 30 June 2020</i> £</div>
Bank interest payable	77	147
Other loan interest payable	24,623,982	13,209,594
	<div>24,624,059</div>	<div>13,209,741</div>

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**10. Taxation**

	<b>2021</b>	<i>Period from 22 November 2019 to 30 June 2020</i>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>4,391,618</b>	2,785,949
<b>Total current tax</b>	<b>4,391,618</b>	2,785,949
<b>Deferred tax</b>		
Deferred tax credit	<b>(3,690,687)</b>	(2,289,692)
<b>Total deferred tax</b>	<b>(3,690,687)</b>	(2,289,692)
<b>Taxation on profit on ordinary activities</b>	<b>700,931</b>	496,257
<b>Factors affecting tax charge for the year/period</b>		

The tax assessed for the year/period is higher than (2020 - *higher than*) the standard rate of corporation tax of 19% (2020: 19%). The differences are explained below:

	<b>2021</b>	<i>Period from 22 November 2019 to 30 June 2020</i>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	<b>(15,490,069)</b>	(7,607,626)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax of 19% (2020: 19%)	<b>(2,943,113)</b>	(1,445,449)
<b>Effects of:</b>		
Other expenses not deductible for tax purposes	<b>2,472,988</b>	2,391,761
Other differences leading to an increase (decrease) in the tax charge	<b>1,147,998</b>	(582,418)
Deferred tax not recognised	<b>23,058</b>	132,363
<b>Total tax charge for the year/period</b>	<b>700,931</b>	496,257



---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**


---

**10. Taxation (continued)****Factors that may affect future tax charges**

Deferred tax has been provided for at 25% (2020 – 19%), being the future rate (substantively enacted in legislation) of tax applicable to taxable profits against which the deferred tax balance may be unwound. An increase of the corporation tax rate to 25% was announced in the Spring Budget 2021. This rate rise is expected to be effective from April 2023.

**11. Exceptional items**

	<b>2021</b>	<i>Period from 22 November 2019 to 30 June 2020</i>
	<b>£</b>	<b>£</b>
Acquisition related expenses	-	462,404
	<u>          </u>	<u>          </u>

Exceptional costs include professional legal and accounting fees incurred in relation to the acquisitions of the businesses that make up the Chemidex and Essential Pharma Brands.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**


---

**12. Intangible assets****Group**

	Product rights and software £	Goodwill £	Total £
<b>Cost</b>			
At 1 July 2020	207,491,763	75,859,987	283,351,750
Additions	150,935	-	150,935
At 30 June 2021	<u>207,642,698</u>	<u>75,859,987</u>	<u>283,502,685</u>
<b>Amortisation</b>			
At 1 July 2020	13,546,912	4,123,795	17,670,707
Charge for the period	24,835,505	7,585,999	32,421,504
Foreign exchange movement	520,495	-	520,495
At 30 June 2021	<u>38,902,912</u>	<u>11,709,794</u>	<u>50,612,706</u>
<b>Net book value</b>			
At 30 June 2021	<u>168,739,786</u>	<u>64,150,193</u>	<u>232,889,979</u>
At 30 June 2020	<u>193,944,851</u>	<u>71,736,192</u>	<u>265,681,043</u>

The company has no intangible assets.

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**13. Tangible fixed assets**

**Group**

	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 July 2020	1,921,640	19,383	1,941,023
Additions	468,202	23,126	491,328
At 30 June 2021	<u>2,389,842</u>	<u>42,509</u>	<u>2,432,351</u>
<b>Depreciation</b>			
At 1 July 2020	140,386	1,971	142,357
Charge for the period	364,707	9,592	374,299
At 30 June 2021	<u>505,093</u>	<u>11,563</u>	<u>516,656</u>
<b>Net book value</b>			
At 30 June 2021	<u>1,884,749</u>	<u>30,946</u>	<u>1,915,695</u>
At 30 June 2020	<u>1,781,254</u>	<u>17,412</u>	<u>1,798,666</u>

The company has no fixed assets.

**14. Fixed asset investments**

**Company**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 July 2020	1,450,000
At 30 June 2021	<u>1,450,000</u>

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**


---

**14. Fixed asset investments (continued)****Direct subsidiary undertaking**

The following was a direct subsidiary undertaking of the company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
EP MidCo Guernsey Limited	First Floor, Albert House, South Esplanade, St Peter Port, GUERNSEY, GY1 1AJ	Ordinary	100%

**Indirect subsidiary undertakings**

The following were indirect subsidiary undertakings of the company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Chemidex Pharma Limited	Chemidex House Unit 7, Egham Business Village, Crabtree Road, Egham, Surrey, TW20 8RB	Ordinary	100%
Chemidex Generics Limited	Chemidex House Unit 7, Egham Business Village, Crabtree Road, Egham, Surrey, TW20 8RB	Ordinary	100%
Essential Pharma Limited	7 Egham Business Village, Crabtree Road, Egham, Surrey, TW20 8RB	Ordinary	100%
Essential Pharmaceuticals Limited	7 Egham Business Village, Crabtree Road, Egham, Surrey, TW20 8RB	Ordinary	100%
Tarus Laboratories Limited	7 Egham Business Village, Crabtree Road, Egham, Surrey, TW20 8RB	Ordinary	100%
NHS Generics Limited	Chemidex House Unit 7, Egham Business Village, Crabtree Road, Egham, Surrey, TW20 8RB	Ordinary	100%
FirstChem Limited	Chemidex House Unit 7, Egham Business Village, Crabtree Road, Egham, Surrey, TW20 8RB	Ordinary	100%
Essential Generics Limited	Chemidex House Unit 7, Egham Business Village, Egham, Surrey, TW20 8RB	Ordinary	100%

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**


---

**14. Fixed asset investments (continued)****Indirect subsidiary undertakings (continued)**

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Healthcare Generics Limited	Chemidex House Unit 7, Egham Business Village, Crabtree Road, Egham, Surrey, TW20 8RB	Ordinary	100%
Tarus Group Limited	Chemidex House Unit 7, Egham Business Village, Crabtree Road, Egham, Surrey, TW20 8RB	Ordinary	100%
Chemidex Pharma Holdings Limited	Vision Exchange Building, Triq It- Territorjals, Zone 1, Central Business District, BIRKIRKARA CBD 1070 MALTA	Ordinary	100%
Essential Pharma Holdings Limited	Vision Exchange Building, Triq It- Territorjals, Zone 1, Central Business District, BIRKIRKARA CBD 1070 MALTA	Ordinary	100%
Essential Pharma (M) Holdings Ltd	Vision Exchange Building, Triq It- Territorjals, Zone 1, Central Business District, BIRKIRKARA CBD 1070 MALTA	Ordinary	100%
Essential Pharmaceuticals Holdings Limited	Vision Exchange Building, Triq It- Territorjals, Zone 1, Central Business District, BIRKIRKARA CBD 1070 MALTA	Ordinary	100%
Chemidex Pharma Limited	Vision Exchange Building, Triq It- Territorjals, Zone 1, Central Business District, BIRKIRKARA CBD 1070 MALTA	Ordinary	100%
Essential Pharma Limited	Vision Exchange Building, Triq It- Territorjals, Zone 1, Central Business District, BIRKIRKARA CBD 1070 MALTA	Ordinary	100%

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**


---

**14. Fixed asset investments (continued)****Indirect subsidiary undertakings (continued)**

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Essential Pharma (M) Ltd	Vision Exchange Building, Triq It-Territorjals, Zone 1, Central Business District, BIRKIRKARA CBD 1070 MALTA	Ordinary	100%
Essential Pharmaceuticals Limited	Vision Exchange Building, Triq It-Territorjals, Zone 1, Central Business District, BIRKIRKARA CBD 1070 MALTA	Ordinary	100%
Elliaz Limited	Cyprus	Ordinary	100%
E.P. Essential Pharma CY Limited	Cyprus	Ordinary	100%
Essential Holdings Limited	First Floor, Albert House, South Esplanade, St Peter Port, GUERNSEY, GY1 1AJ	Ordinary	100%
Essential Pharma Switzerland GmbH	Landis + Gyr-Strasse 1, Zug, Switzerland	Ordinary	100%

**15. Stocks**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Finished goods and goods for resale	<b>11,233,297</b>	10,800,396
	<b>11,233,297</b>	10,800,396

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stocks are stated after provisions for impairment of £638,654 (2020: £289,451).

The company has no inventories at 30 June 2021 (2020: Nil).

# ESSENTIAL HOLDCO GUERNSEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 16. Debtors

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
Trade debtors	12,126,577	12,230,285	-	-
Amounts owed by group undertakings	-	-	98,712,255	90,123,659
Other debtors	1,352,991	238,627	-	-
Prepayments and accrued income	518,066	387,062	-	-
	<b>13,997,634</b>	<b>12,855,974</b>	<b>98,712,255</b>	<b>90,123,659</b>

Trade debtors are stated after provisions for impairment of £Nil (2020: £Nil).

Amounts owed by group undertakings are unsecured, and repayable up to thirty days after repayment is requested. The interest rate is 10%.

### 17. Cash and cash equivalents

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
Cash at bank and in hand	33,012,984	12,567,804

### 18. Creditors: Amounts falling due within one year

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Company 2021 £</b>	<b>Company 2020 £</b>
Trade creditors	2,356,492	2,247,476	-	-
Amounts owed to group undertakings	95,195,954	86,550,164	95,339,942	86,548,585
Corporation tax	2,414,672	1,196,585	-	-
Other taxation and social security	2,648,685	4,076,874	-	-
Other creditors	80,929	6,515	-	-
Accruals and deferred income	1,817,443	2,874,861	-	175,978
	<b>104,514,175</b>	<b>96,952,475</b>	<b>95,339,942</b>	<b>86,724,563</b>

Amounts due to group undertakings are unsecured, and repayable up to thirty days after repayment is requested. The interest rate is 10%.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**


---

**19. Creditors: Amounts falling due after more than one year**

	<b>Group 2021</b>	<i>Group 2020</i>	<b>Company 2021</b>	<i>Company 2020</i>
	£	£	£	£
Vendor loan	<b>26,000,000</b>	26,000,000	-	-
Other loans	<b>158,820,623</b>	157,975,253	<b>3,400,000</b>	3,400,000
	<b><u>184,820,623</u></b>	<u>183,975,253</u>	<b><u>3,400,000</u></b>	<u>3,400,000</u>

Other loans include £155,420,623 (original loan amount of £160,000,000 less unamortised transaction costs of £4,579,377) from Hayfin which are repayable in seven years on the 16th December 2026. The interest rate is 7.5% over the relevant LIBOR.

Hayfin has a fixed and floating charge over the assets to both the group and major subsidiary companies.

The balance of £3,400,000 in other loans is held by the vendors and Nikesh Engineer (see note 29) and are repayable in seven years on 16 December 2026. The interest rate is 10%.

The Vendor note of £26,000,000 attracts interest at 5% which is paid quarterly. The principal is due for repayment if certain requirements are met at the earlier of a change of control, significant sale or 16th December 2026.

The group has £85,554,843 and £26,000,000 fixed rate, subordinated, secured loan notes which are listed on The International Stock Exchange.



**ESSENTIAL HOLDCO GUERNSEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**20. Deferred taxation**

**Group**

	<b>2021</b> £	<b>2020</b> £
At beginning of year	(29,310,519)	-
Charged to profit or loss	3,690,687	2,137,111
Arising on business combinations	-	(31,447,630)
<b>At end of year</b>	<b>(25,619,832)</b>	<b>(29,310,519)</b>

	<b>Group</b> <b>2021</b> £	<b>Group</b> <b>2020</b> £
Short term timing differences	162,801	-
Tax losses carried forward	823,428	582,418
Acquired business combinations	(26,606,061)	(29,892,937)
	<b>(25,619,832)</b>	<b>(29,310,519)</b>

**21. Share capital**

	<b>2021</b> £	<b>2020</b> £
<b>Authorised</b>		
1,450,000 (2020 - 1,450,000) Ordinary shares of £1.00 each	<b>1,450,000</b>	1,450,000
<b>Allotted, called up and fully paid</b>		
1,450,000 (2020 - 1,449,999) Ordinary shares of £1.00 each	<b>1,450,000</b>	1,449,999
<b>Allotted, called up and partly paid</b>		
Enter number (2020 - 1) Ordinary shares of £1.00 each	-	1

There is a single class of ordinary shares. The shares confer the right to receive notice of and to attend, speak and vote at general meetings of the company. There are no restrictions on the distribution of dividends and the repayments of capital.

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**


---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**


---

**22. Reserves****Foreign exchange reserve**

Gain/losses arising from retranslating the net assets of overseas operations into pounds sterling.

**Other reserves**

Gain/losses arising from fair value charge of share based payments.

**Profit and loss account**

All other net gains and losses and transactions with owners not recognised elsewhere.

**23. Analysis of net debt**

	At 1 July 2020 £	Cash flows £	Other non- cash changes £	At 30 June 2021 £
Cash at bank and in hand	12,567,804	20,445,180	-	33,012,984
Debt due after 1 year	(183,975,253)	-	(845,370)	(184,820,623)
Debt due within 1 year	-	-	-	-
	<u>171,407,449</u>	<u>20,445,180</u>	<u>(845,370)</u>	<u>151,807,639</u>

**24. Share based payments**

The group operates a scheme to allow the purchase, for cash, of shares based on a recent valuation, in EP Topco Limited, a company incorporated in Guernsey. The shares will benefit from future distributions under certain circumstances. Classes of shares in EP Topco Limited have different rights when a distribution is paid, further information is available from the Guernsey Registry.

The shares have been accounted for as a share based payment under FRS 102. A charge of £272,537 (2020: £149,100) has been recognised in the period.

## ESSENTIAL HOLDCO GUERNSEY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 25. Contingent liabilities and guarantees

Her Majesties Revenue & Customs (HMRC) had previously opened an enquiry into Chemidex Generics Limited (CGL), a group subsidiary, which has subsequently been closed in the period. HMRC dispute the valuation of product intellectual property purchased from the Chemidex Partnership in the financial year ending June 2013. The value of amortisation booked in the P&L to date is £32,876k (2020: £28,891k).

The directors are contesting this matter via tribunal with their position supported by an independent, professional valuation. At this time, an outcome cannot be assessed with any reasonable certainty.

Certain companies within the group are part of a selection of group entities which have provided a guarantee with respect to a loan owned by Essential Holdings Limited. The loan outstanding is £160,000,000 (2020: £160,000,000).

#### 26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £74,266 (2020: £38,530). Contributions totalling £31,834 (2020: £7,753) were payable to the fund at the balance sheet date and are included in creditors.

#### 27. Commitments under operating leases

At 30 June 2021 the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2021 £</b>	<i>Group 2020 £</i>
Not later than 1 year	<b>200,000</b>	<i>200,000</i>
Later than 1 year and not later than 5 years	<b>492,603</b>	<i>695,068</i>
	<b><u>692,603</u></b>	<i><u>895,068</u></i>

#### 28. Related party transactions

The group has a loan payable to Essential TopCo Guernsey Limited, a company registered in Guernsey and an intermediate parent, of £82,154,843 (2020: £82,154,843).

The parents of Nikesh Engineer, a director, Navinchandra and Varsha Engineer sold the businesses acquired by the group in December 2019. There is currently a vendor loan note for £26.0m (2020: £26.0m) outstanding with certain conditions placed upon payment (note 19).

There are certain loan notes issued to Nikesh Engineer as part of the acquisition in December 2019 totalling £680,000 which remain outstanding at year end. The interest charged on these in the year was £67,906 (2020: £36,313).

---

**ESSENTIAL HOLDCO GUERNSEY LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

---

**29. Controlling party**

In the directors' opinion, at 30th June 2021 the ultimate controlling party is Cortex 3 Guernsey Limited, a private company registered in Guernsey.

The immediate and ultimate parent company is EP TopCo Guernsey Limited, a private company registered in Guernsey and the largest parent to produce publicly available consolidated accounts.

The largest parent to produce publicly available consolidated accounts is Essential Holdco Guernsey Limited, a private company registered in Guernsey (and subsidiary of EP Topco Guernsey Limited). Copies of these accounts can be obtained from the Company's registered address.