

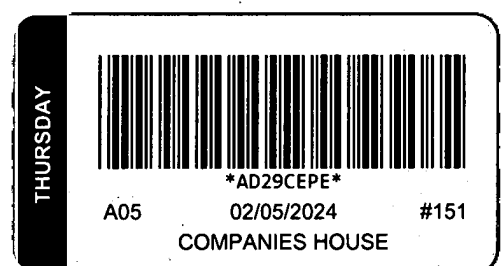
## **Primrose Midco 1 Limited**

Annual Report and Financial Statements

Year Ended

31 December 2023

Company Number 12580616



# Primrose Midco 1 Limited

## Company Information

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<b>Directors</b>	T M Busby B Long H L Taylor O J B Craig
<b>Registered number</b>	12580616
<b>Registered office</b>	Rosemont House Yorkdale Industrial Park Braithwaite Street Leeds England LS11 9XE
<b>Independent auditor</b>	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

# Primrose Midco 1 Limited

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# Primrose Midco 1 Limited

## Strategic Report For the Year Ended 31 December 2023

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The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2023.

### Principal activities

The principal activity of the Company is an intermediate holding Company of a larger Group. The principal activity of the trading entities within the Group is the development, manufacture, and sale of oral liquid medicines.

### Business review

The Company has no income of its own but does incur small amounts of operational costs for the continuation of the business which are settled via intercompany loans with other Group entities.

The Company finished the financial year with a loss after tax of £125k (2022 - loss after tax of £1,006k) and net liabilities of £765k (2022 - net liabilities of £640k) driven by interest charges on loan notes and operational costs paid by other group entities.

As the Company has no trade of its own, it is reliant on the support of other Group Companies to settle liabilities on its behalf related to the Company's operational costs which are small in nature and related to usual costs including audit and taxation services specific to this Company. Intercompany loans are in place throughout the Group and forecasts for cashflow requirements are done at a Group level to ensure the liabilities of this Company are covered.

2023 was another year of growth for the Group. The Group achieved sales and EBITDA growth of 14.8% and 15.4% respectively. This was achieved through 3 successful product launches into the UK market, expansion of international sales, growth in the UK portfolio and the acquisition of Lucis Pharma Ltd in June 2023.

The Group has continued to invest significantly in its infrastructure during the year with completion of warehouse improvements, implementation of new production capabilities in its manufacturing process and product development contracts, alongside key recruitment in both the senior leadership team and its workforce generally finishing the year with 266 employees (2022 - 247).

### Financial key performance indicators

As the Company itself is not a trading entity it does not assess itself individually but is assessed as part of the Primrose Group as a whole. Disclosure for the Company will be included within the consolidated results of Primrose Topco Limited.

### Principal risks and uncertainties

The Directors have carried out an assessment of the risks facing the Group and consider the following to be the principal risks in terms of likelihood and impact on the Group's activities.

#### Competitor Risk

The directors and wider business continuously monitor the marketplace for any potential threats. The Group is fully aware of the possibility of new entrants moving into the oral liquids market and erosion of market share. The Group mitigates this risk through continuous development of the portfolio as well as by maintaining industry leading quality and service levels.

# Primrose Midco 1 Limited

## Strategic Report (continued) For the Year Ended 31 December 2023

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### Principal risks and uncertainties (continued)

#### ***Currency, Interest Rate, Liquidity & Credit risks***

The Group actively manages its currency risk on a weekly basis and from review of its payment forecasts both in the near and longer term. The Group has a defined hedging strategy to limit its susceptibility to significant movements in the EUR and USD exchange rates through a mix of forward contracts and forward extras. The continued growth of the business into new international markets in 2024 along with establishing itself in the US market will further increase the Group's exposure to currency risk which the Group is already planning for to limit any downside risk from currency swings as much as possible and provide more certainty over its payment forecasting.

The Group has significant variable interest rate debt financing. This means there is a risk associated with potential movements in interest rates driven by macroeconomic and geopolitical influences. Whilst this is a risk facing many businesses, the quantum of variable interest rate debt is more pronounced for the Group. The Group have been able to mitigate against the significant hikes seen in the UK interest rate market during the year through hedging arrangements in place with its bankers. With uncertainty still over the UK interest rates and inflation figures the Group used the significant value of its current hedging arrangement post year end, extending its current hedging arrangement for an additional twelve months, capping interest rates until December 2025. This provides certainty over the cashflows for the Group over the next two years. The Group monitors interest rates closely and forward forecast cash on a rolling and longer-term basis ensuring adequate reserves are available to cover debt commitments as they fall due and ensure the Group's hedging policy is still appropriate.

The Group's policy on credit risk is to require appropriate checks on potential customers before sales are made, to constantly check payments against contractual terms and to review customers and credit limits on a regular basis using a third-party credit agency. The Group also uses a third-party software to collate information on its international customers.

In respect of liquidity risk the Group monitors cash flow as part of its day-to-day operations. The Group has sufficient credit facilities in place. Liquidity and covenant headroom is monitored and forecast on a periodic basis, including reviewing downside scenarios as part of its short term and long-term projections.

Based on this monitoring, the board of directors do not consider this risk to be significant at the balance sheet date with full compliance of all covenants during the financial year.

#### ***Regulatory risk***

Failure to meet all requirements of GxP could lead to an interruption to the Group's activities, reputational damage, and financial penalties. To mitigate this risk, the Group has a comprehensive set of robust policies and processes in place to ensure full compliance. These processes are monitored on a constant basis and are also subject to self-audit.

In the UK the Rx market is mainly governed by Medicines & Healthcare products Regulatory Agency (MHRA) and therefore any changes in regulatory requirements could impact on the products the Group can sell. To reduce this risk the Group has a dedicated in-house regulatory team whose principal task is to ensure the business is fully informed of any anticipated future changes and the potential impact, if any, of these changes to the Group.

# Primrose Midco 1 Limited

## Strategic Report (continued) For the Year Ended 31 December 2023

### Directors' statement of compliance with duty to promote the success of the Group

The directors of the Group acknowledge that they must act in a way which is considered in good faith, would be most likely to promote the success of the company and its wider Group for the benefit of all interested parties as defined in Section 172(1) of the Companies Act 2006. In doing so, the directors of the Primrose Group have considered the following aspects and how they have regarded each of the matters set out below.

1. Have regard to the likely consequence of any decision in the long term	Our mission is to be a rapid developer, reliable manufacturer, and global supplier of novel-delivery patient focused medicines. Our over-arching principal is to make lives better. We bring this to life by continuing to bring products to market that meet patient needs, underpinned by the solid foundation of our core values and code of conduct. As a Group, our plan is to create value in both the near and longer term and ensure the business continues to grow and develop to ensure the maximum returns for all parties. We continued with this through 2023 with three new product launches into the oral liquids market and acquisition of a UK pharmaceutical business broadening the number of patients we were able to support.
2. The interests of the company's employees	We monitor the development, performance, position and impacts of our activity on social and employee matters. We are committed to providing a positive working environment that promotes equal opportunities and is free from all forms of illegal and improper discrimination and harassment. Our people are critical to the success of our business and with this their wellbeing is paramount in taking the business forward on its growth journey. The Company offers flexible working arrangements including hybrid working. There are also a suite of wellbeing options and initiatives available to all employees. Regular feedback is sought from employees on these as well as on the overall Company environment and operations through regular employee engagement surveys.
3. The need to foster the company's business relationships with suppliers, customers and others	We recognise the importance of fostering the Group's business relationships to maximise our excellent supply chain, with its ability to manufacture a broad range of products to reliably deliver what customers want at the quality they deserve. Our customers continue to be at the heart of our business decisions ensuring we can continue to service their needs and constantly look to release new products into the market for their benefit. In 2023 three new products were successfully launched by the Group. We continue to work with our supply chain, ensuring compliance with all relevant legislation and post-BREXIT compliance without impacting on our business operations. As a large Group we are required to report bi-annually to HMRC our payment practices, during the last 12 months we have seen a further increase in the number of invoices paid to terms demonstrating our commitment to working with our supply chain to ensure smooth operational flow of our procure to pay cycle.

# Primrose Midco 1 Limited

## Strategic Report (continued) For the Year Ended 31 December 2023

<p>4. The impact of the company's operations on the community and environment</p>	<p>We recognise that we impact on the environment in a variety of ways and are committed to promoting environmental stewardship and looking at ways we can reduce our impact on the environment. The Group achieved certification to ISO14001 in December 2023 and continues to be actively committed in advancing its sustainability efforts through a diverse range of initiatives aimed at reducing energy consumption. Certain energy reduction initiatives were undertaken during the last 12 months including the replacement of the existing roof and installation of solar photovoltaic cells as well as implementation of a wireless lighting system within the warehouse. This sophisticated system not only enhances energy efficiency but also enables real-time monitoring of energy performance data.</p>
<p>5. The desirability of the company maintaining a reputation for high standards of business conduct</p>	<p>Respecting human rights is a core value and one that we expect our business partners to share. We have documented policies and procedures internally as well as robust supplier T&amp;C's which reference what we expect from our suppliers whilst ensuring we limit the risk to the business and uphold our core values. Employees have access to all Group policies and procedures, with training provided as part of the employee onboarding process with regards to the Corporate Criminal Offences Act, Modern Slavery Act, Anti-Bribery and Corruption.</p> <p>We have a zero-tolerance stance for all human rights abuse. We are committed to ensuring we maintain robust programs and procedures to protect our people and prevent such abuse through our supply chain. Our Supplier Code of Conduct expressly prohibit the use of forced, imprisoned, bonded, indentured or involuntary labour including child labour. Other requirements include safe and clean working conditions, fair wages, and no discrimination.</p>
<p>6. The need to act fairly between all interested parties within the Group</p>	<p>The Board considers all interested parties when making business decisions to ensure fair representation irrespective of their interest holding within the Group. The Group has robust policies in place to ensure that fair representation is maintained both at board level and within the wider business through leadership councils, management meetings and non-executive representation at the Board.</p>

This report was approved by the board on 1 March 2024 and signed on its behalf.

DocuSigned by:  
Timothy Mark Busby  
I, Timothy Mark Busby,  
Director, approve this document  
Signed Time: 01-Mar-2024 | 09:10:31 GMT  
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# Primrose Midco 1 Limited

## Directors' Report For the Year Ended 31 December 2023

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The directors present their report and the audited financial statements for the year ended 31 December 2023.

### Results and dividends

The loss for the year, after taxation, amounted to £125k (2022 - loss £1,006k).

There were no dividends paid during the year (2022 - £Nil). The directors do not recommend the payment of a final dividend (2022 - £Nil).

### Directors

The directors who served during the year were:

T M Busby  
B Long  
S Nightingale (resigned 19 February 2024)  
H L Taylor

O J B Craig was appointed as a director on 19 February 2024.

### Going concern

The Company's principal activity is that of an intermediary holding company and has no source of income of its own. The net loss in the period before tax of £125k (2022 - £258k) relates to interest charges on loan notes in excess of inter-group interest receivable and costs paid on behalf of the company by fellow group undertakings. The Company is part of a wider profitable group, with intercompany loan agreements in place to pay for operational costs and therefore has access to significant cash balances and wider group funding provided from third parties should it be required. Primrose Topco Limited has provided written confirmation to the Directors of the company that these arrangements will continue for the foreseeable future.

The directors have considered the financial forecasts of the overall group for the next five years, (which incorporate the operational costs of this entity), taking into consideration the current environment, which show that the Group is expected to remain profitable and generate positive cashflows in both the short and longer term assessment giving the Group the ability to continue to operate for the foreseeable future and withstand any downturn in trading performance should the business be forced to close for a prolonged period of time.

In view of the circumstances referred to above, the directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

### Matters covered in the Strategic Report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report as the directors consider them to be of strategic importance to the Company.

This covers the principal activities, a review of the business, future developments and indication of exposure to financial risks.

### Disclosure of information to auditor

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

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



# Primrose Midco 1 Limited

## Directors' Report (continued) For the Year Ended 31 December 2023

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### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 March 2024 and signed on its behalf.

DocuSigned by:  
Timothy Mark Busby  
Signer Name: Timothy Mark Busby  
Signing Reason: I approve this document  
Signing Time: 01-Mar-2024 10:10:41 GMT  
T-M Busby  
Director

# **Primrose Midco 1 Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2023**

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The directors are responsible for preparing the Strategic Report, the 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 Company and of the profit or loss of the Company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

# Primrose Midco 1 Limited

## Independent Auditor's Report to The Members Of Primrose Midco 1 Limited

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### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its 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 Act 2006.

We have audited the financial statements of Primrose Midco 1 Limited ("the Company") for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, 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).

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

### Independence

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

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 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.

# **Primrose Midco 1 Limited**

## **Independent Auditor's Report to The Members Of Primrose Midco 1 Limited (continued)**

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### **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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Other Companies Act 2006 reporting**

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.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

# Primrose Midco 1 Limited

## Independent Auditor's Report to The Members Of Primrose Midco 1 Limited (continued)

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### 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.

### *Extent to which the audit was 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### *Non-compliance with laws and regulations*

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance and legal counsel; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls.

# Primrose Midco 1 Limited

## Independent Auditor's Report to The Members Of Primrose Midco 1 Limited (continued)

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### Auditor's responsibilities for the audit of the financial statements (continued)

Our procedures in respect of the above included:

- Management override of controls – we challenged assumptions made by management in respect of significant accounting estimates and judgements, as well as tested a sample of journal entries throughout the year, which met a defined risk criteria, to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have the appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

### Use of our report

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

**Mark Langford** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Leeds  
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Primrose Midco 1 Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2023

	Note	2023 £000	2022 £000
Administrative expenses		(11)	(14)
<b>Operating loss</b>		<b>(11)</b>	<b>(14)</b>
Interest receivable and similar income	6	7,303	7,509
Interest payable and similar expenses	7	(7,417)	(7,753)
<b>Loss before tax</b>		<b>(125)</b>	<b>(258)</b>
Tax on loss	8	-	(748)
<b>Loss for the financial year</b>		<b>(125)</b>	<b>(1,006)</b>

There was no other comprehensive income for 2023 (2022 - £Nil).

The notes on pages 15 to 23 form part of these financial statements.

# Primrose Midco 1 Limited

Registered number: 12580616

## Statement of Financial Position As at 31 December 2023

	Note	2023 £000	2023 £000	As restated 2022 £000	As restated 2022 £000
<b>Fixed assets</b>					
Investments	9		-		-
			<u>-</u>		<u>-</u>
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	10	56,659		49,683	
Debtors: amounts falling due within one year	10	1		1	
		<u>56,660</u>		<u>49,684</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	11	(596)		(817)	
		<u></u>		<u></u>	
<b>Net current assets</b>			<b>56,064</b>		<b>48,867</b>
			<u>56,064</u>		<u>48,867</u>
<b>Total assets less current liabilities</b>					
Creditors: amounts falling due after more than one year	12		(56,829)		(49,507)
			<u>(765)</u>		<u>(640)</u>
<b>Net liabilities</b>					
			<u>(765)</u>		<u>(640)</u>
<b>Capital and reserves</b>					
Called up share capital	13		-		-
Profit and loss account	14		(765)		(640)
			<u>(765)</u>		<u>(640)</u>
<b>Total deficit</b>			<b>(765)</b>		<b>(640)</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 March 2024.

DocuSigned by:  
Timothy Mark Busby  
Signer Name: Timothy Mark Busby  
Signing Reason: I approve this document  
Signed on: 1 Mar-2024 10:10:53 GMT  
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Director

The notes on pages 15 to 23 form part of these financial statements.



# Primrose Midco 1 Limited

## Statement of Changes in Equity For the Year Ended 31 December 2023

	Called up share capital £000	Profit and loss account £000	Total equity/ (deficit) £000
<b>At 1 January 2022</b>	-	366	366
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(1,006)	(1,006)
<b>At 1 January 2023</b>	-	(640)	(640)
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(125)	(125)
<b>At 31 December 2023</b>	-	(765)	(765)

The notes on pages 15 to 23 form part of these financial statements.

# Primrose Midco 1 Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

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### 1. General information

Primrose Midco 1 Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the Company Information page and the nature of the Company's operations and its principal activity is set out in the Strategic Report.

### 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 Act 2006.

The Company's functional and presentational currency is Pound Sterling and all amounts presented are rounded to the nearest thousand pound.

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

The following principal accounting policies have been applied:

#### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Primrose Topco Limited as at 31 December 2023 and these financial statements may be obtained from Rosemont House, Yorkdale Industrial Park, Braithwaite Street, Leeds, England, LS11 9XE.

#### 2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

# Primrose Midco 1 Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

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### 2. Accounting policies (continued)

#### 2.4 Going concern

The Company's principal activity is that of an intermediary holding company and has no source of income of its own. The net loss in the year before tax of £125k (2022 - £258k) relates to interest charges on loan notes in excess of inter-group interest receivable and costs paid on behalf of the company by fellow group undertakings. The Company is part of a wider profitable group, with intercompany loan agreements in place to pay for operational costs and therefore has access to significant cash balances and wider group funding provided from third parties should it be required. Primrose Topco Limited has provided written confirmation to the Directors of the company that these arrangements will continue for the foreseeable future.

The directors have considered the financial forecasts of the overall group for the next five years, including the operational costs of this entity and, after taking into consideration the current economic conditions and wider environment factors, the Group is expected to remain profitable and generate positive cashflows in both the short and long term. The Group has the ability to continue to operate for the foreseeable future and withstand any downturn in trading performance should the business be forced to close for a prolonged period of time.

In view of the circumstances referred to above, the directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

#### 2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

#### 2.6 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.

#### 2.7 Taxation

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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 reporting date.

# Primrose Midco 1 Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

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### 2. Accounting policies (continued)

#### 2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.9 Debtors

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.

Amounts owed by group undertakings are repayable on demand. If the Company does not expect amounts owed to be recovered in the short term, amounts owed are recognised as due after more than one year.

#### 2.10 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.

#### 2.11 Financial instruments

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

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 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 Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

#### Financial liabilities (Loans)

Borrowings, which comprise bank loans and other interest bearing loans are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

# Primrose Midco 1 Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There were no specific judgements or key sources of estimation uncertainty used in the financial statements.

### 4. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2023 £000	2022 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	4	6

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

### 5. Employees

The Company has no employees (2022 - Nil) other than the directors, who did not receive any remuneration from this Company (2022 - £Nil).

### 6. Interest receivable and similar income

	2023 £000	2022 £000
Interest receivable from group companies	7,303	7,509

### 7. Interest payable and similar expenses

	2023 £000	2022 £000
Other loan interest payable	7,322	7,631
Interest payable to group companies	95	122
	7,417	7,753

# Primrose Midco 1 Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 8. Taxation

	2023 £000	2022 £000
<b>Corporation tax</b>		
Current tax on losses for the year	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	748
<b>Total deferred tax</b>	-	748
<b>Taxation on loss</b>	-	748

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 23.5% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Loss before tax	(125)	(258)
Loss multiplied by standard rate of corporation tax in the UK of 23.5% (2022 - 19%)	(29)	(49)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	214	306
Group relief claimed	(1,693)	(1,255)
Movement in deferred tax not recognised	1,508	1,746
<b>Total tax charge for the year</b>	-	748

# Primrose Midco 1 Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 8. Taxation (continued)

#### Factors that may affect future tax charges

At 31 December 2023 a deferred tax asset of £4,439k (2022 - £2,678k) was not recognised on short term timing differences due to the uncertainty of the recoverability of the asset given the loss making position of this Company and no anticipated changes to this in the forecast period.

### 9. Fixed asset investments

**Investments  
in subsidiary  
companies  
£000**

#### Cost and net book value

At 1 January 2023 and 31 December 2023

-

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Primrose Bidco Limited	Rosemont House, Yorkdale Industrial Park, Braithwaite Street, Leeds, England, LS11 9XE	Ordinary	100%
Rosemont Pharmaceuticals Limited	Rosemont House, Yorkdale Industrial Park, Braithwaite Street, Leeds, England, LS11 9XE	Ordinary	100%
Primrose Midco 2 Limited	Rosemont House, Yorkdale Industrial Park, Braithwaite Street, Leeds, England, LS11 9XE	Ordinary	100%
Rosemont Pharma Liquids Limited	Rosemont House, Yorkdale Industrial Park, Braithwaite Street, Leeds, England, LS11 9XE	Ordinary	100%
Rosemont Pharmaceuticals Inc	c/o Rosemont House, Yorkdale Industrial Park, Braithwaite Street, Leeds, England, LS11 9XE	Ordinary	100%
Lucis Holdings Limited	Rosemont House, Yorkdale Industrial Park, Braithwaite Street, Leeds, England, LS11 9XE	Ordinary	100%
Lucis Pharma Ltd	Rosemont House, Yorkdale Industrial Park, Braithwaite Street, Leeds, England, LS11 9XE	Ordinary	100%

Primrose Midco 2 Limited is the only subsidiary undertaking held directly.

# Primrose Midco 1 Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 10. Debtors: amounts falling due within one year

	2023 £000	As restated 2022 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	56,659	49,683

The amounts owed by group undertakings are technically repayable on demand, however, the Company does not expect this amount to be recovered in the short term and therefore they have been recognised as due after more than one year.

	2023 £000	As restated 2022 £000
<b>Due within one year</b>		
Other debtors	-	1
Prepayments and accrued income	1	-
	1	1

The other debtors comprise VAT recoverable.

The Directors have considered the presentation of the amounts owed by group undertakings and whilst the amounts owed by group undertakings are repayable on demand, the directors are not expecting amounts to be recovered within 12 months. As a result, amounts owed by Group undertakings have been classified as non-current in the current year and restated in the prior year to correct the classification.

In correcting the value at 31 December 2022, there was a reduction in Debtors: amounts falling due within one year of £49,683k and a corresponding increase in Debtors: amounts falling due after more than one year. The Statement of Financial Position and supporting notes have been restated for these adjustments. There is no effect on profit, taxation or net assets in either period presented.

### 11. Creditors: amounts falling due within one year

	2023 £000	2022 £000
Amounts owed to group undertakings	586	812
Accruals and deferred income	10	5
	596	817

Amounts owed to group undertakings are repayable on demand and bear interest at 14% per annum.



# Primrose Midco 1 Limited

## Notes to the Financial Statements For the Year Ended 31 December 2023

### 12. Creditors: amounts falling due after more than one year

	2023 £000	2022 £000
Loan notes	56,829	49,507

Loan notes bear interest at a rate of 14% p.a., rolled up quarterly and repayable at the end of the loan term. The loan notes are repayable on 18 June 2026.

### 13. Share capital

	2023 £	2022 £
<b>Allotted, called up and fully paid</b>		
1 (2022 - 1) Ordinary share of £1.00	1	1

All issued shares are fully paid up and rank pari-passu in all respects.

### 14. Reserves

The Company's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 15. Related party transactions

The Company has taken advantage of the available exemption conferred by section 33.1A of FRS 102 not to disclose transactions with wholly owned member of the group headed by Primrose Topco Limited.

At the period end loan notes of £56,829k (2022 - £49,507k) were outstanding to the shareholders and included in Creditors: due after more than one year.

During the period, interest of £7,322k (2022 - £7,631k) was accrued on the loan notes due to shareholders. Interest is accrued monthly and compounded at the end of each quarter end.

# **Primrose Midco 1 Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2023**

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### **16. Controlling party**

The Company's immediate and ultimate parent is Primrose Topco Limited, incorporated in England and Wales, whose registered office is Rosemont House, Yorkdale Industrial Park, Braithwaite Street, Leeds, England, LS11 9XE.

The largest and smallest group in which the results of the Company are consolidated is that headed by Primrose Topco Limited. The consolidated financial statements of Primrose Topco Limited are available to the public and may be obtained from Rosemont House, Yorkdale Industrial Park, Braithwaite Street, Leeds, England, LS11 9XE.

There is no ultimate controlling party.